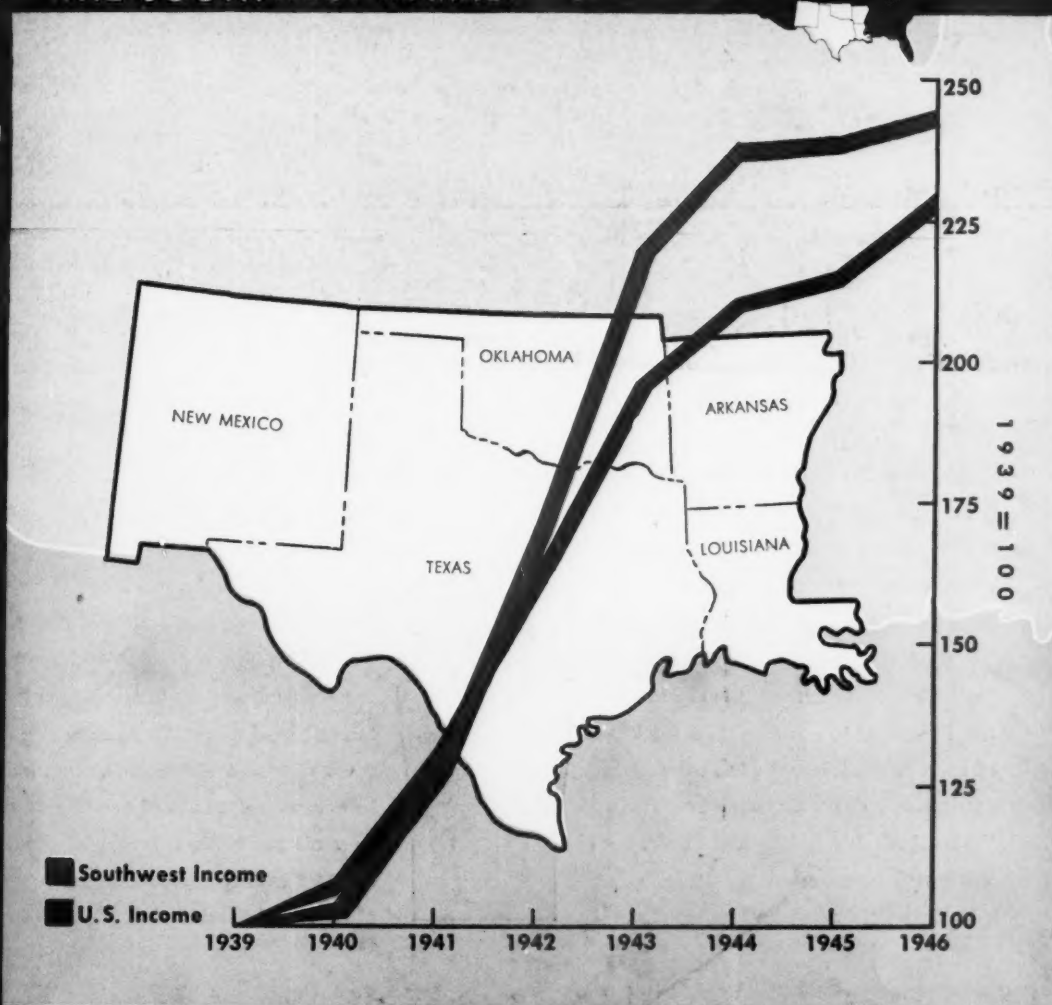


BUSINESS WEEK

JULY 26, 1947

THE SOUTHWEST MARKET



No. 4 in a series of Reports to Executives on "The New American Market" (page 39)

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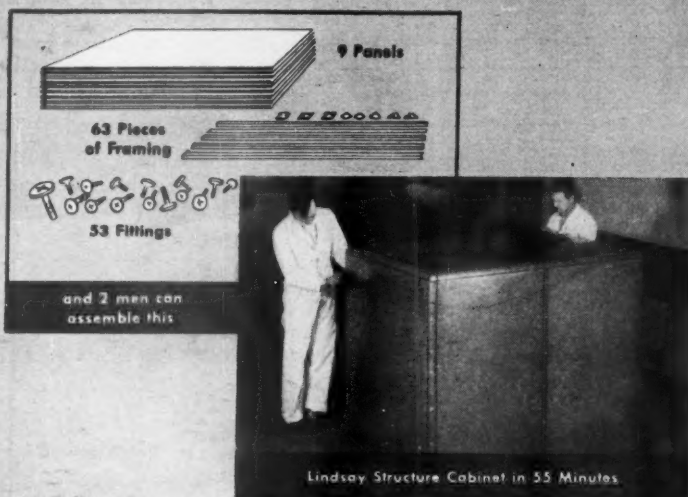
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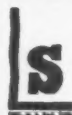
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BUSINESS WEEK • July 26, 1947

WASHINGTON OUTLOOK



CONGRESS' GOING HOME makes it timely for a year-ahead sizeup of the national political picture.

You start with this contradiction: Both Republicans and Democrats think they've made hay in the seven months of the session.

The G.O.P. points to its record of labor curbs, budget cuts, and attempts to lower taxes (page 16). Truman is satisfied that his opposition has sharpened the issues for next year's referendum.

This much seems clear: Truman is stronger today than he was seven months ago. (But election day is still 15 months away.)

Who will run against Truman? Dewey is out in front today. But he does not have the votes to be nominated on the first ballot—as he did in '44.

And the stop-Dewey campaign is picking up. It came into the open at the Governors' Conference in Salt Lake City.

Taft's candidacy has suffered from lack of contact with politicians in the field. He plans to correct this with his cross-country tour in September (BW—Jul. 19'47, p.5).

Taft appears likely to gain, also, from resurgence of MacArthur talk. The story in Washington is that MacArthur's delegates—if any—would switch to Taft rather than see Dewey win.

G.O.P. bosses today are against a military candidate. If they change their minds, Eisenhower would more likely be their man.

Democrats, of course, have a candidate: Truman. Their problems: picking his running mate and writing a platform.

That's what the Democratic ruckus in California is about.

Wallace supporters are making their start in that state, seeking left-wing strength to pull Truman in their direction.

But note that A. F. Whitney signed on the Truman team this week. He's the veteran railroad labor boss who last year vowed he'd spend all his union's treasury to beat Truman.

If anything should happen to Truman in the next few months, the whole picture would change.

Speaker Joe Martin would become President under the new succession law. He would be the automatic G.O.P. nominee. The Democratic convention would then become the scramble.

FOOTNOTES ON TRUMAN'S NOMINEES to the enlarged NLRB (page 86):

Denham, named General Counsel—He's Gerard Reilly's man (Reilly, former NLRB member, helped Taft write the new law).

Murdock, board member—In 1940 he wrote a Senate report recommending expanding NLRB from three to five members, letting employers beset by two unions petition NLRB for certification elections.

Gray, board member—As an industry member of National Wage Stabilization Board last fall he favored continuing wage controls when most of industry wanted them dropped.

CALIFORNIA AND THE U. S. have about come to terms on how to apply the Supreme Court's tidelands decision—until Congress acts.

The California deal with Krug and Clark will provide strong hints to other coastal states as to what rights the federal government will seek to exercise in the submerged three-mile belt around the U. S.

Here are the highspots of the current draft stipulation being written for filing with the court in the fall:

(1) Court's decision doesn't apply to such places as San Francisco, San Diego, and San Pedro Bay areas—harbor installations and the like.

(2) State may continue making new oil leases—with prior approval from Krug. Oil wells continue producing, with royalties kept in escrow by the state, pending legislation.

(3) Recovery rights of federal government on oil produced after June 23 (date of the decision) are limited to value of the oil, less rentals, royalties, taxes, and costs.

The stipulations, of course, are only an armistice. They run for one year—or until Congress acts (whichever is sooner).

Outright quitclaim of federal title is sure to be sought again in Congress next year. Question is: Will Krug's proposed legislation make the government a sufficiently lenient landlord to wean nonoil support away from the quitclaim camp?

OPA'S RECORDS are being transferred to the National Archives for permanent keeping.

But you needn't fret that your cost reports—on which ceiling prices were based—will be open to snoopers.

All the statutory restrictions that applied to

WASHINGTON OUTLOOK (Continued)

your reports when they were in OPA's files remain in effect permanently—by law. That means Archives can't open the files to anyone who couldn't see them in OPA days.

In addition, Archives has its own rules. These vary, depending upon the historical value of the records involved. Archives rules for OPA records are still being worked out; industry groups are being consulted.

ADEQUACY OF STEEL CAPACITY is a quietly brewing political issue due to boil over in next year's campaign.

Curiously, the heat's being kept under it now by a Senate small business subcommittee headed by G.O.P. Sen. Ed Martin, from Pennsylvania steel country.

This week's puff of steam was a headline plea for more steel from Walter Reuther of the C.I.O. Auto Workers—upset over Detroit lay-offs blamed on steel shortage. Reuther wants a government-industry work allocation scheme which will step up the production of sheet by putting long runs in the steel mills.

For the long haul Reuther predicts a car and truck demand in the 1950's of six million-seven million units a year. On their present percentage of steel, that spells an ingot output of 105 million-120 million tons. Reuther doesn't like industry estimates of some 77 million tons of ingot demand in 1950.

INDEPENDENT U. S. OIL COMPANIES are moving into the Middle East to gain a long-range future source of crude supply.

Syndicate is being put together by Phillips Petroleum Co. It's no shoestring operation.

Included in the group are producing and refining companies in the Midwest and Pacific Coast states which previously haven't been interested in foreign production.

Likely head of the group is Ralph K. Davies, former Standard of California vice-president and wartime Petroleum Administrator under Ickes.

Syndicate expects to make its first bid for an oil concession in the Kuwait neutral zone, bordering the oil-rich Persian Gulf.

State Dept. beams at prospect of new blood entering the Middle East oil picture. Until now this area has been dominated by the biggest of the majors—which has made the situation politically vulnerable.

TRUMAN AND SENATOR BREWSTER are feuding over the mechanics of developing a national air policy for the U. S.—both military and commercial.

Brewster sponsored—and nursed through Congress—a resolution creating an air policy board to report to the next session. Its members would have come from Congress, the administration, the public.

But Truman short-circuited the Brewster move. Instead he named his own five-man public board headed by Thomas K. Finletter.

Brewster hit the ceiling, rewrote his resolution to provide for a 10-man special committee of Congress. He will be its head.

Both groups will sit concurrently, report by next January—each to its creator.

Brewster may still have a trump card. Congress will have to act on any proposals.

TALK OF ELECTRICITY SHORTAGES next winter has started Federal Power Commission on a check of the nation's power resources.

Survey will take about two months, will include crosscheck with utility industry groups which already have looked into the situation.

Industry surveys—not yet announced—indicate slim generating reserve in a number of spots for winter's peak demands. But—barring bad breaks—there'll be no curtailment of service.

Actually, in some cities, reserves next winter will be as low as anytime during the war. Utilities have record volume of generating equipment on order. But deliveries are far behind schedule—due to last year's rash of strikes.

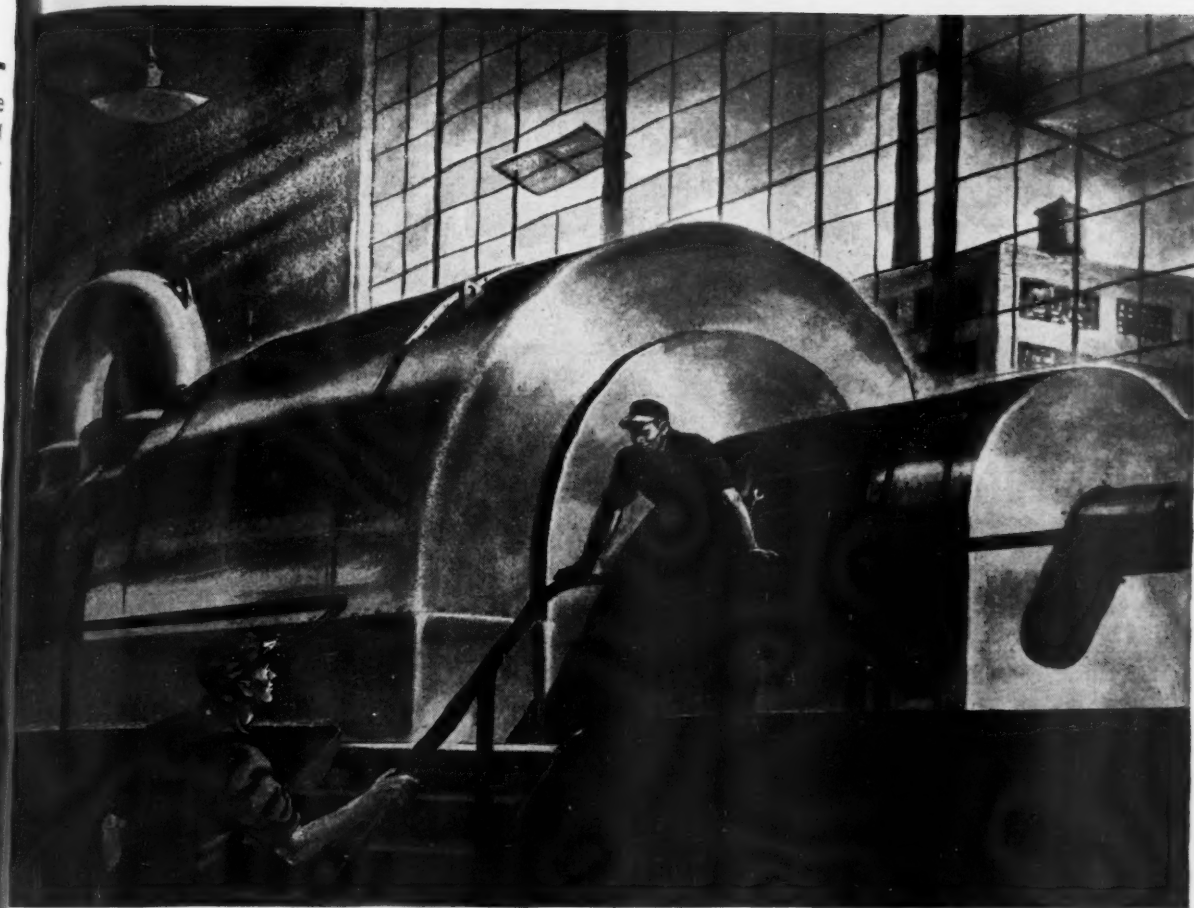
CRACK-OF-THE-WEEK (overheard in the press gallery during the Senate debate on the Kem resolution to investigate the Axtell-Slaughter '46 Missouri primary):

"They're trying to decide whether to whitewash Truman's district, or Kem-tone it."

• White House economists are betting privately that U. S. Steel directors will not increase prices as much as \$5 a ton next week. . . .

• War veterans now hold 42 out of every 100 federal jobs. Two years ago the figure was 15 in every 100. . . .

• Forthcoming Bureau of Labor Statistics report says workers lose one-third of their efficiency for work beyond 48 hours a week.



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THE COVER

The Southwest Market

A hasty look at the Southwest is about all that is necessary to see that it is doing well. Only a little more examination is needed to discover that the region did better businesswise than the U.S. as a whole during the war and postwar years.

- Total income in the Southwest went up 145% from 1939 to 1946. This is 15 percentage points better than the U.S.

- The region's per capita income increase was even more impressive. For it rose 135% while the U.S. advance was 116%.

- This higher level of income per person resulted, of course, in a better retail sales performance for the region.

So, it's quite apparent that the Southwest is a richer market today. And it makes a good showing compared with other regions surveyed so far in the New American Market series.

- **Shift in Character**—This general economic improvement, however, is not the whole story. More fundamental, and as exciting, is the change in the character of the region.

Before the war, the Southwest was familiarly known as the land of oil and cotton. Those two raw materials made the biggest contributions to the region's wealth. The territory was heavily rural.

World War II stimulated the development and growth of several new trends. Together, they signal a transition from a rural to an urban economy. First, the region was caught up in the farm revolution. Mechanization of farming caused thousands of farm hands and tenant farmers to seek a living elsewhere. They found a haven finally in the region's cities—when their industrial growth required more population.

How those trends began and what progress they have made is described in the fourth of the series of regional reports (Report to Executives: "The New American Market," page 39).

- **Star Performer**—Texas' income performance was unlike that of Oklahoma, Arkansas, Louisiana, or New Mexico. The Lone Star state turned in records on industrial growth, population shifts, and commercial activities not paralleled elsewhere. So, differences within the region by states cannot be overlooked. They provide important marketing information—also set forth in Business Week's study of the Southwest.

The Pictures—Press Assn.—17, 68, 73, 76, 86; Int. News—20; Harris & Ewing—32; Charles Phelps Cushing—39; Acme—48, 93; Volpe—56; N. Y. Herald Tribune—64; Sovfoto—54; Universal Press—80.

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BUSINESS OUTLOOK

BUSINESS WEEK

JULY 26, 1947



President Truman's economic report to Congress this week (page 20) gives a tip on the shape of the business curve later this year.

He doesn't say a recession is due. However, one is

And it will be keyed to net exports. Foreign nations have been drawing on their balances at an exhausting rate. That is what prevented a letdown in the first half of 1947 (BW—Jul. 19'47, p9).

Hence this Truman statement is highly significant:

"Unless additional credits, governmental or private, are provided, the United States net exports of goods and services must be expected to decline before the end of the year."

And he as good as says new credits aren't likely during 1947.

Main recommendation of Truman is for higher purchasing power to offset declines in foreign trade, inventory accumulation, and building.

This can come either in (1) higher wages, or (2) lower prices.

The President stresses the fact that per capita disposable income has slipped steadily. Measured in 1944 dollars, the annual rate for each person was \$1,038 in the first quarter of 1946; now it is \$956.

Prices rising faster than incomes cut into savings. From 25% of personal income after taxes in 1944, savings dipped to less than 7% in the first half of this year. But that still is good. The average rate for the 1935-39 period was only 4½%.

Revision of the national income figures indicates that we didn't save nearly so much during the war as we thought we did (page 32).

By the old method of figuring, savings came to \$174,700,000,000 for 1940-46, inclusive. New figure is \$148,300,000,000.

This difference of \$26 billion can make quite a change in consumers' ability to pay for goods they couldn't buy during the war

No increase in purchasing power via lower prices is in sight for the near future.

Foods and rents already are rising. Higher prices on several important industrial raw materials have been posted in the last few days.

The consumers' position, however, will be improved by (1) payment of G.I. terminal leave bonds, and (2) end of consumer credit controls

Moreover, employment is rising in recently depressed lines such as textiles and shoes. And farm income continues 25% ahead of 1946.

Net of all this is business on an even keel for this quarter.

Booming scrap prices have ended what little chance there may have been of skinning by without higher steel quotations.

The Iron Age composite for scrap this week hit the highest level in history at \$40 a ton. That's up \$10 in a matter of weeks.

Steel mills are having to pay more for labor, coal, and scrap. And they face a higher transportation bill when railway wages are settled.

Less rubber, tin, sugar, coffee, and spice will find their way to world markets than had been counted on earlier. This is the result of the Nether-

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK
JULY 26, 1947

lands' trouble in the East Indies. Even quick termination of the present conflict wouldn't completely remedy the situation. Labor and transportation would still be problems.

Rubber prices were quick to reflect this new uncertainty.

It isn't that much rubber is yet coming out of the Indies. But prices heretofore have reflected the prospect of higher shipments.

The metal trade had been counting, too, on rising tin movement.

A hungry world got at least mildly good news from the Corn Belt this week. The crop has improved as expected (BW—Jul. 19'47, p10).

The government's special midmonth report forecasts a corn yield of 2,771,000,000 bu. That's 148 million bu. better than the July 1 prospect.

More planting of hybrid corn and more extensive use of fertilizer are helping the crop to overcome its late start.

While there is room for still further improvement, weather early this week wasn't good. Temperatures in the main belt were down in the 50's. Bulls on the Chicago Board of Trade jumped on this news to bid prices up.

Use of cotton is going to fall a little short of expectations in the 1946-47 season, which is drawing to its July 31 close.

Domestic consumption in the 11 months ended June 30 was reported this week at 9,357,815 bales. That's more than 900,000 bales ahead of the same period a year ago. Yet indications are that we shall fall about 100,000 bales shy of the 10,250,000-bale expectation (BW—Jul. 5'47, p28).

The United States may have to re-estimate its 1947-48 cotton exports.

Sales abroad have been falling since the export subsidy was cut from 2¢ to ½¢ a lb. and now the subsidy on cotton may be eliminated altogether.

A subcommittee of the Geneva trade conference this week voted 8 to 1 against export subsidies for farm products. Unless this action is later reversed, which seems unlikely, the U. S. is almost sure to comply.

That will force this country to take the lead in urging an international commodity agreement on cotton, fixing export quotas.

Uncle Sam is likely to wind up with a lot of cigarette makings on his hands out of this year's crop.

Government loans will be available on flue-cured tobacco at 40¢ a lb. That probably is more than a lot of it will bring at the auctions.

This year's tobacco crop now looks like the biggest ever grown with the sole exception of 1946's record harvest. And Britain, our best customer, is striving to save dollars by limiting its purchases.

To the corporate finance officer who is concerned about changes of ¼% in money rates, "unpegging" of Treasury bills may prove important.

These three-month bills, in the free market, yield ¾% (double the old pegged rate). So far that hasn't had any effect on the one-year ⅞% Treasury certificates. However, it may make these less attractive.

If so, banks will swap certificates for bills as fast as bills become available (which is about a billion dollars worth a week). Then the Treasury might see fit to "sweeten" the certificate rate.

That, in turn, could strengthen long-term rates ⅛% to ¼%.

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BUSINE

FIGURES OF THE WEEK

THE INDEX (see chart below).

PRODUCTION

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Steel ingot operations (% of capacity).....	93.1	91.5	95.6	89.3	97.3
Production of automobiles and trucks.....	102,630	190,075	102,545	80,985	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$18,409	\$18,787	\$21,549	\$23,712	\$19,433
Electric power output (million kilowatt-hours).....	4,732	4,531	4,676	4,293	3,130
Crude oil (daily average, 1,000 bbls.).....	5,050	5,045	5,115	4,937	3,842
Bituminous coal (daily average, 1,000 tons).....	#	#	#	2,125	1,685

TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars).....	80	82	84	82	86
All other carloadings (daily average, 1,000 cars).....	55	52	66	67	52
Money in circulation (Wednesday series, millions).....	\$28,225	\$28,363	\$28,195	\$28,241	\$9,613
Department store sales (change from same week of preceding year).....	+8%	+8%	+6%	+26%	+17%
Business failures (Dun & Bradstreet, number).....	63	49	70	25	228

PRICES (Average for the week)

Spot commodity index (Moody's, Dec. 31, 1931=100).....	418.7	413.5	402.3	345.2	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)....	267.3	1263.0	261.2	214.3	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)....	375.3	369.5	359.3	312.8	146.6
Finished steel composite (Steel, ton).....	\$69.82	\$69.82	\$69.82	\$64.45	\$56.73
Scrap steel composite (Iron Age, ton).....	\$40.00	\$37.75	\$34.75	\$19.17	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	21.500¢	1.500¢	21.505¢	14.375¢	12.022¢
Wheat (Kansas City, bu.).....	\$2.31	\$2.21	\$2.32	\$1.99	\$0.99
Sugar (raw, delivered New York, lb.).....	6.19¢	6.19¢	6.19¢	4.20¢	3.38¢
Cotton (middling, ten designated markets, lb.).....	38.11¢	38.61¢	37.31¢	35.34¢	13.94¢
Wool tops (New York, lb.).....	\$1.660	\$1.574	\$1.506	\$1.448	\$1.281
Rubber (ribbed smoked sheets, New York, lb.).....	16.63¢	14.69¢	15.11¢	22.50¢	22.16¢

FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	125.8	126.0	120.0	141.0	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's).....	3.17%	3.18%	3.22%	3.04%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's).....	2.55%	2.55%	2.56%	2.49%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	14-14%	14-14%	14-14%	1.00%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	1%	1%	1%	3%	1-1%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	46,963	46,525	47,035	45,493	1127,777
Total loans and investments, reporting member banks.....	63,416	63,227	63,406	69,225	1132,309
Commercial and agricultural loans, reporting member banks.....	11,848	11,791	11,754	8,694	116,963
Securities loans, reporting member banks.....	2,062	2,039	2,227	3,934	111,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks.....	39,145	39,099	39,246	48,168	1115,999
Other securities held, reporting member banks.....	4,130	4,086	4,088	3,996	114,303
Excess reserves, all member banks (Wednesday series).....	800	670	860	859	5,290
Total federal reserve credit outstanding (Wednesday series).....	22,248	22,035	21,797	23,895	2,265

*Preliminary, week ended July 19th.

‡Ceiling fixed by government.

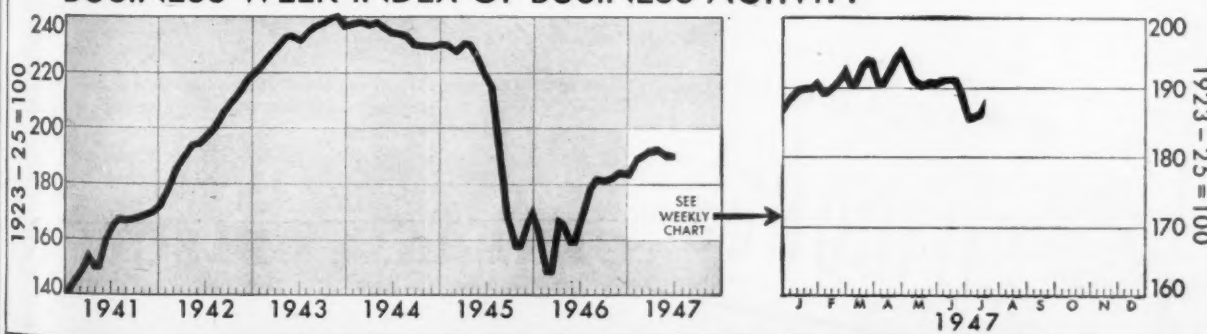
#Series temporarily discontinued (BW—Jun.14,'47,p.5)

@Date for "Latest Week" on each series on request.

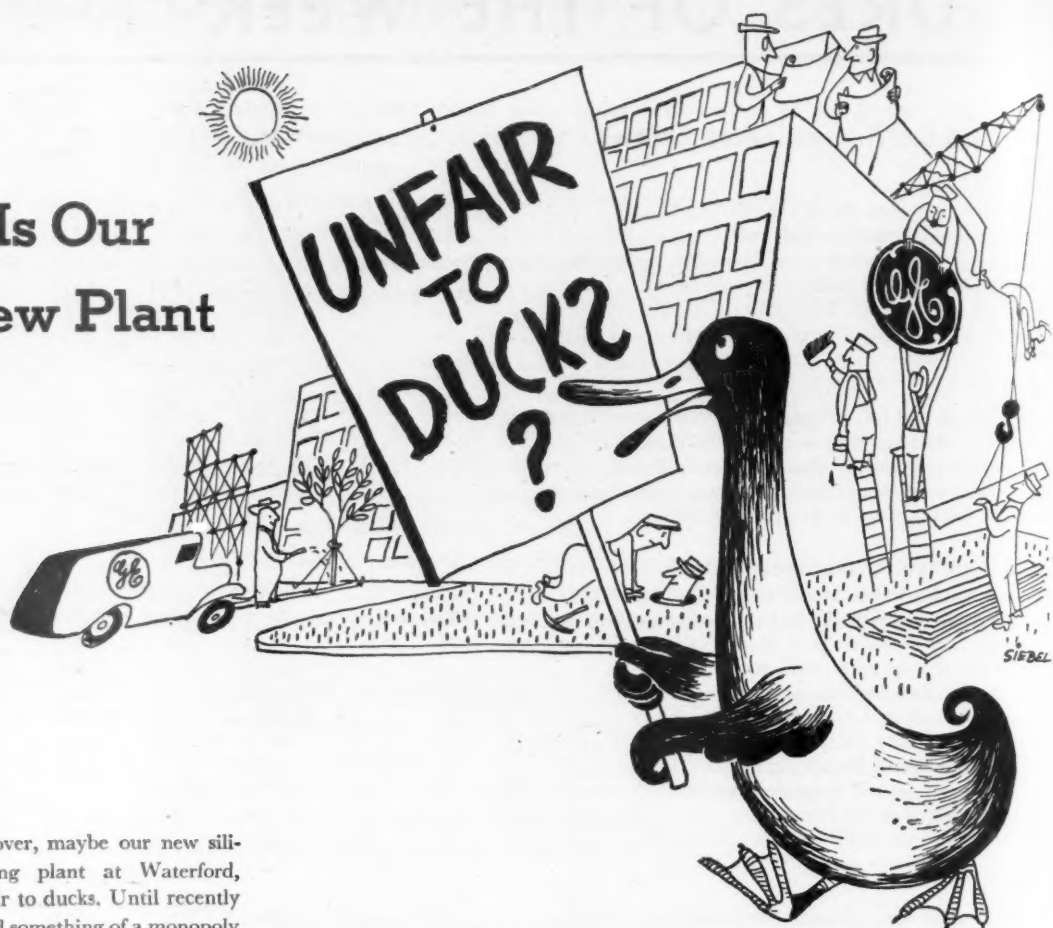
†Revised.

††Estimate (B.W.—Jul.12'47,p.16)

BUSINESS WEEK INDEX OF BUSINESS ACTIVITY



Is Our New Plant



Thinking it over, maybe our new silicone producing plant at Waterford, N. Y., is unfair to ducks. Until recently ducks have had something of a monopoly in the water-shedding business. Then General Electric silicone research came along with DRI-FILM,* the amazing new water-repellent material. Maybe the ducks have a right to be peeved.

On the other hand, if ducks could see beyond their own backs they'd realize that DRI-FILM presents possibilities that their fine feathers never could. DRI-FILM, you see, is ideal for making textiles, paper, ceramics, plastics, glass and many other materials water-repellent. And that, we think, should just about put the ducks back in their ponds, at least as far as manufacturers with an eye to the future are concerned.

*REG. U. S. PAT. OFF.

You'll be interested in some other members of the General Electric silicone family, too. Silicone resins, for example, will provide new and better finishes for automobiles, refrigerators, ranges, hospital equipment and scores of other products.

Then there's silicone rubber. Manufacturers have found it to be the answer to their problem of finding a gasket material for diesel engines, gas turbines, air compressors and other equipment where natural and synthetic rubbers cannot withstand high operating temperatures. General Electric silicone rubber has been tested at temperatures

ranging from 55 below zero to 520 F, and has been found to retain its surface hardness and flexibility.

This resistance to extremes of heat and cold is a factor common to all G-E silicones. Silicone oil flows at 120 below zero, and won't ignite at temperatures as high as 575 F.

That's the General Electric silicone story in brief. Already, many manufacturers are thinking of ways that they can take advantage of the remarkable properties of these new and wonderful products in their own businesses. Chemical Department, General Electric Company, Pittsfield, Massachusetts.

YOU'LL BE HEARING A LOT ABOUT



SILICONES

Please address inquiries about G-E silicones to Resin and Insulation Materials Division, Chemical Department, General Electric Company, Schenectady 5, N.Y.

GENERAL ELECTRIC

GD47-515



DEATH KNEEL for One World tolls as Moscow rejects the Marshall plan, its satellites boycott the Paris Conference.

Doing Business in Two Worlds

Marshall plan means billions in U. S. aid to Western Europe, paid for by U. S. taxpayers and investors. It means continued high exports, continued export controls, continued high domestic prices.

Washington's foreign-policy makers still hang the traditional map of the world on their walls. But from the White House to the Capitol they are thinking in terms of two worlds.

Stalin finished off the One World idea when he walked Molotov out of the first Paris Conference, then pressured the Soviet satellites out of the second.

The new Washington slant is important to business. How important will become clear as the Marshall plan is spelled out over the next six months.

• **Expensive**—The Administration aims to make the democratic world strong enough to hold the Communist world within its present limits. The cost of the Marshall strategy will come high—if Congress backs it.

• **New U. S. foreign aid** (perhaps in the form of lend-lease) would have to total around \$8 billion to \$12 billion over the next four years. It would probably be used to pay for the coal, food, raw materials, textiles, and other consumables needed abroad. The bulk of these (excluding coal) would go to Western Europe, including Germany.

• **The American taxpayer** would have to

dig into his pocket for this money. The American consumer would continue to pay high prices for his food and for a long list of other goods (page 100).

• **With food and coal** taken care of, the World Bank could supply \$2 billion to \$3 billion to finance Europe's requirements for capital goods—steel plant, mining machinery, rolling stock, vehicles. The Export-Import Bank might provide several hundred millions for the same type of goods.

• **The U. S. investor** would be asked to back the World Bank's program by taking hundreds of millions in debentures.

• **Existing government export controls** would probably be used to the limit to channel goods where they are needed most. Voluntary rationing of food might be asked for.

• **But there** would be no resumption of wartime controls on items like steel. The U. S. would be more likely to ask Europeans to use less steel for shipbuilding, then to buy surplus American ships to fill out their needs.

• **Export Prop**—The U. S. can count on at least a short-term payoff from the program. It would prevent an otherwise

inevitable collapse in the export boom. Foreign demand for U. S. farm products, for soft goods like textiles, and for capital goods would be kept strong.

If the Marshall strategy works, and makes the democratic world a going concern, long-term dividends could come in two directions:

(1) An international economy in which American private enterprise could play a constructive and profitable role;

(2) A better chance for peace or, if Russia chooses war, a worldwide coalition against Communist aggression.

• **Of Moscow's Doing**—The new, two-world geography is a Russian, not an American, invention. It is Moscow that cooked up the new map of Europe—its eastern boundary fixed along the line which separates the Anglo-American and Soviet zones of Germany and Austria (map).

France's Premier Ramadier may long for a Europe stretching eastward to Russia's Ural Mountains. Washington is more realistic. It has accepted the Moscow-drawn map, even though it expects that doing business east of the new boundary will present the same problems as doing business prewar within Russia itself.

• **Hold That Line!**—What President Truman and Secretary Marshall refuse to accept is the extension of Soviet power to the Atlantic and the liquidation of European civilization. This is where the Marshall plan comes in.

Marshall probably plowed through

some tricky diplomatic logistics before coming up with his proposal at Harvard on June 5. But in simple terms he must have figured it this way: Europe would need more economic help from the U.S. to get back on its feet, but first the European nations could do more to help themselves by pooling their efforts and meshing them with a revival of Ruhr output; Russia could join in on the same terms as the others or accept the onus of a divided world; Congress would be forced (especially if Russia checked out) to dig into the American taxpayers' pocket for more billions if Europe presented a practical recovery program.

• **Realistic Inventory**—Since July 12 Britain, France, and 14 other Western European countries have been busy in Paris preparing their version of the Marshall plan (BW—Jul.19'47,p18). A 16-member European Cooperation Committee will present an assessment of resources and needs to Washington about Sept. 1.

It will probably be a realistic document, drawn up with one eye on the U. S. Congress and another on Western Europe's Communist opponents of the project.

• **The Ruhr Question**—The French are balking on a revival of Ruhr industry, notably steel. This has become the Communist talking point throughout Europe; it has special appeal in France. But it would be political suicide for the French government, having gone as far as it has, to insist on a program which the U.S. Congress might reject on this score.

The British government, too, will think twice about hanging on to outmoded management methods in the Ruhr and persisting in efforts to nationalize the coal mines (page 91).

• **Parallel Action**—On this side of the Atlantic, American experts in the State Dept. and in half-a-dozen other government agencies are processing a parallel American assessment of Europe's balance sheet. These data will be used as a check on the Paris program. Three presidential committees are at work appraising the ability of the U.S. economy to stand the strain of a continued export surplus running around \$10 billion a year (BW—Jun.28'47,p92).

Congress will not be asked to act on the Marshall plan until next January. Republican leaders told the President last week that a special session would be pointless until legislation could be prepared for debate.

• **Time for Study**—With this schedule, Congress will have time to size up the whole proposition. The Senate Foreign Relations Committee plans recess hearings, probably in October, to get ready for the introduction of legislation in January.

The House has set up a select com-

mittee to make its own appraisal of Europe's needs and the U.S. capacity to meet them. Given a large enough appropriation, it will send members to Europe in teams for first-hand reports, then call on government departments and private business for statistics and counsel.

• **Prestige at Stake**—Republican leaders already concede that Congress will have to support the Marshall plan to the tune of \$5 billion or more. They are as keen as the Administration to checkmate Russia. And they realize that Marshall has put Congress in a spot where it must either come across or sacrifice U.S. prestige around the world.

Viewed from any angle, the effort to revitalize Western Europe will be a gamble. For one thing, the new economic pattern can be only partially settled by a plan doubly concocted in Paris and Washington and then approved by the U.S. Congress: Moscow still has the deciding voice on how much east-west trade will penetrate Europe's iron curtain.

• **Russian Reasoning**—Most plausible explanations of why Moscow kept satellites Poland and Czechoslovakia out of the Paris Conference are these: so Moscow would have first call on their resources; so the satellite living standards could be kept nearer the Soviet level lest the contrast have political repercussions inside Russia.

If this analysis is correct, Moscow will keep a tight check on all trade between Eastern Europe and the western world. Where eastern grain can buy desperately needed western manufac-

tures, it will probably be shipped. Even Polish coal may still be used at the bargaining counter. But the prospects for effective action by United Nations bodies such as the European Coal Organization look slim indeed.

• **Business Restrictions**—U.S. businessmen who planned deals in Eastern Europe may find themselves limited to the same kind of operations they knew in Russia before the war. The Czechs might get Russian approval for a specific project which promised much for the Soviet bloc. Moscow might even put up the gold for it.

But, on present prospects, little more can be expected. And the Continent itself seems destined to be torn apart economically, with Western Europe losing both a source of foodstuffs and raw materials, and a market for its manufactured goods.

This could mean a bigger European market than prewar for the U.S. farmer—but only if Europe can earn its way by finding markets for its manufactures to replace those lost in Eastern Europe. These can never be found in the U.S. So they would have to be in Latin America, Africa, and Asia—in competition with U.S. exporters.

• **Solution in Asia?**—If war and economic chaos could be ended in Asia, there might be enough trade for all. Washington is hinting at a Wedemeyer plan for China to parallel Marshall's for Europe.

This would be another gamble for the U.S. But to foreign-policy makers, the stakes look high in the new two-world diplomacy.

G.O.P.: The First Seven Months

Congress and the President agreed on some things. But final slate looks more like 1946 Republican campaign promises than Truman's program. G.O.P. believes its record is vote-winning.

Congress is heading home next week to see how the nation liked its first seven months of Republican stewardship in 16 years.

G.O.P. leaders claim they're satisfied that the record they rolled up will survive critical appraisal. They believe it will win them some new friends. So they expect to return to Washington next January with enough added punch to win the White House in the 1948 elections.

• **Up to the Voters**—Republican optimism is contingent on receiving from the voters a sympathetic understanding of: (1) the job they set out to do, and (2) the difficulties under which they worked.

From Democrats, the electorate undoubtedly will hear that President Truman's role was no less difficult with the

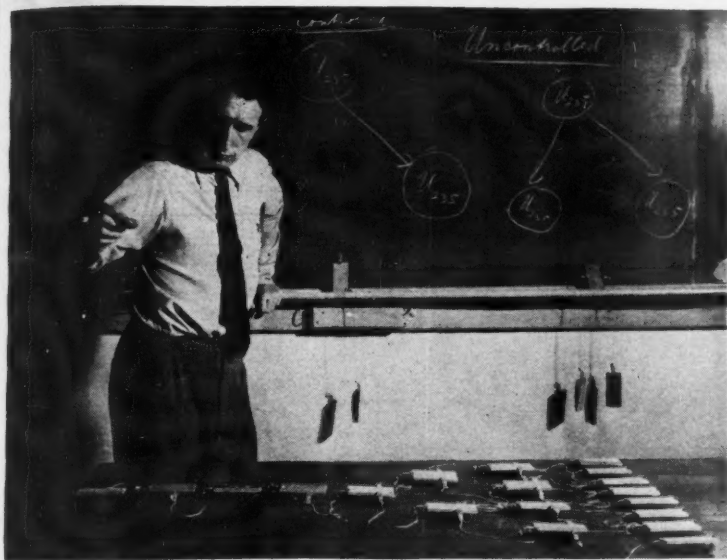
opposition party in control of Congress. Certainly the legislative program which Truman laid down fared badly this year. Seldom did he get exactly what he requested. More often he got more than he bargained for, as in the cases of taxes and labor legislation.

• **Fulfilled Pledges**—What finally came out of Congress looked less like Truman's program and more like the one that the G.O.P. championed in the 1946 congressional campaign.

The Republicans had promised curbs of labor unions, economy in government, lifting of war-time controls, and income tax revision. They delivered:

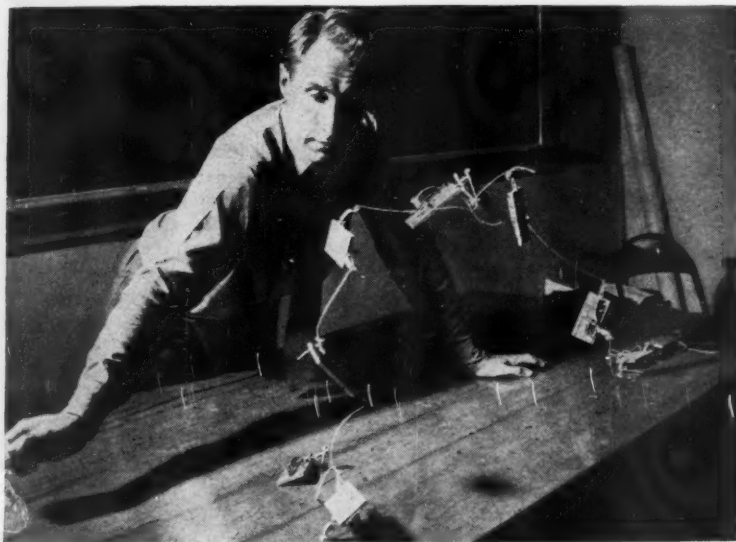
(1) Labor curbs in the Taft-Hartley law, enacted over a presidential veto; and a restriction of portal-to-portal pay claims.

(2) Some measure of economy, by



TO CATCH THE PUBLIC INTEREST IN ATOMIC ENERGY

The lowly mousetrap, among the simplest of mechanical devices, is proving useful in demonstrating the complexities of atomic fission. In lectures at General Electric's Schenectady laboratory, string-connected traps (U235 atoms) are arranged upside down. Then Dr. Willem Van Der Grintend (above) drops a "stray neutron" marble. It springs the first trap, setting off a "chain reaction" (below) among the rest. Mouse-traps, corks, a toy popgun are components of a similar Westinghouse demonstration.



trimming Truman's \$38-billion budget by a little more than \$2 billion, but far under their goal.

(3) Partial lifting of wartime controls. The Office of Price Administration and Civilian Production Administration were killed. Most construction controls were repealed and a 15% rent boost was permitted.

• **Blocks and Passes**—But Truman stopped their tax program—twice. He vetoed a bill to cut personal income taxes from 10% to 30% effective July 1.

The House sustained him. He vetoed the same proposal with a Jan. 1, 1948, effective date. The Senate sustained him.

On national defense and foreign relations Truman and Congress came closer to agreement. But even on these, Congress put limitations. For example:

• **National Defense**—Congress made only conservative cuts in Truman's Army-Navy appropriation requests. It accepted his plan for unification of the two services. But it balked at his request

for a universal military training program.

• **Foreign Affairs**—Congress approved a \$400-million Greek-Turkish program to halt Communism, \$322 million for foreign relief. But it would not agree to his proposal to admit 100,000 displaced Europeans into the U. S.

• **Odds and Ends**—The 1947 Congress also managed to push through a miscellany of less controversial measures. Included were: suspension of the copper import tariff, extension of the subsidy on copper, lead, and zinc, and another freeing of the Social Security tax.

What Republicans hear from their constituents in the next few months will have a bearing on their 1948 legislative program. It is certain to include another try on tax revision. It will be necessary to work out a farm program to succeed the one of support prices which expires Dec. 31, 1948.

• **Fights Brewing**—Two big tests on foreign policy are due next year. Republicans promise a fight on the reciprocal trade program which comes up for renewal. A bigger test will be on the question of aiding Europe under the Marshall plan (page 15).

The next session may also see the G.O.P. bidding for votes with legislation to (1) raise minimum wage standards; (2) broaden social security; (3) establish health and education programs short of the New Deal versions; (4) repeal the poll tax; (5) outlaw racial discrimination in employment.

• **January Soon Enough**—Unless the foreign situation demands urgent attention, there will be no session this fall. When the G.O.P. leadership set the July 26 adjournment date, Truman readily concurred. Since disagreement will increase as elections draw nearer, January should be soon enough for Truman to resume his tussle with Congress.

DISCOUNT PUZZLE

The problem of quantity discounts is apparently again bogged down on the road toward a solution. Despite the recent circuit court decision upholding them (BW-Jul. 5 '47, p. 68), Federal Trade Commission may throw the whole question open again by going off on an entirely new tack.

The possibility stems from a power under the Robinson-Patman act which FTC has never used: fixing quantity limits of discounts. By doing this, FTC would virtually get around the court decision which stopped the commission from limiting the monetary amount.

Last week, prodded by the National Assn. of Independent Tire Dealers, and Rep. Walter C. Ploeser's House small business committee, FTC agreed to look into the matter. At the same time FTC agreed to work with the Justice Dept. Antitrust Division on the over-all complex tire problem.



CUTTING into the face of the coal seam, machine supplants the pick at Robena Mine.



DRILLING holes for explosives that will dislodge the coal is also a machine job.



LOADING after the blast is no longer a job for miners' muscles and shovels.

MACHINES DO THE HEAVY

When you're discussing why United States Steel Corp. was willing to pay a whopping wage boost to its "captive" coal miners (BW-Jul.12'47,p80), don't forget Robena.

Robena is the world's largest coal mine. About 12,000 tons a day are rising from its shaft in the rugged hills of southwestern Pennsylvania. That's roughly 2,000 tons more than the output of the biggest mine elsewhere. And it's only the beginning. When Robena is in full operation, it will be producing 20,000 tons a day—more than half of U. S. Steel's coal needs in the Pittsburgh area.

• **By Machine**—But Robena's size is not its only distinction. It is a fully mechanized mine. In it, miners no longer wield picks and shovels. Instead, they touch electric switches to start the coal cutters, drillers, loaders, dumpers, and conveyors. They stand erect as they work, even at the coal face. They breathe fresh air deep underground, furnished by a powerful blower system (even though Robena isn't a gas-filled "hot" mine). They are protected from cave-ins by steel beams that supplant the usual timber shoring almost up to the coal face.

Coal is transported within the mine on an electric railway with an automatic signal system. Like mine mules, the locomotives never see the light of day; repair shops are underground.

Mechanization means more than an end to the old coal-hole drudgery. It means vastly increased output per man—at straight-time wages without the need for per-ton pay to push the miners into greater physical effort. U. S. Steel officials aren't saying now what production is per man; they expect it to rise as the mine reaches capacity. But it's a safe bet that the rate will run far above the U. S. average of about five tons per man daily.

• **Above Ground**—Robena's efficiency doesn't stop at the top of the mine shaft. Automatic blending mixes the poorer coal with the purer output so that the final product is of a uniform grade usable in steel making. Giant washers, when completed, will remove much of the foreign material such as sulphur (BW-Jul.12'47,p54).

At the tippie, the coal is loaded into huge barges on the Monongahela River. It takes only six minutes to fill one of the 800-ton craft. Then, at the end of the cheap water haul of 80 miles to ovens near Pittsburgh, the barges are unloaded by tractor.

• **History**—H. C. Frick Coke Co., mining subsidiary of U. S. Steel, began development work on Robena in 1937. (The mine takes its name from Mrs.

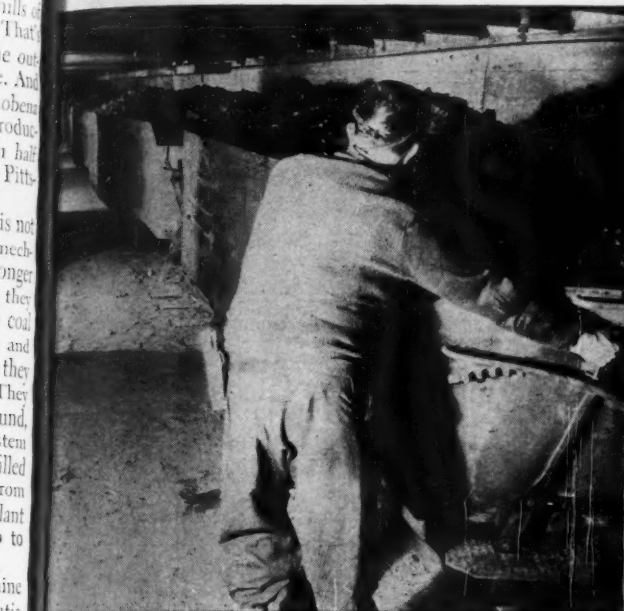
HEAVY WORK AT WORLD'S LARGEST COAL MINE

Robena Moses, mother of Frick's president, Harry M. Moses.) Starting from scratch, Frick could avoid a lot of the old mining headaches. For instance, it didn't establish company town. Miners drive to Robena from communities in a radius of

15 to 20 miles. The nearest, Carmichaels situated in Greene County, is growing rapidly—but without company support.

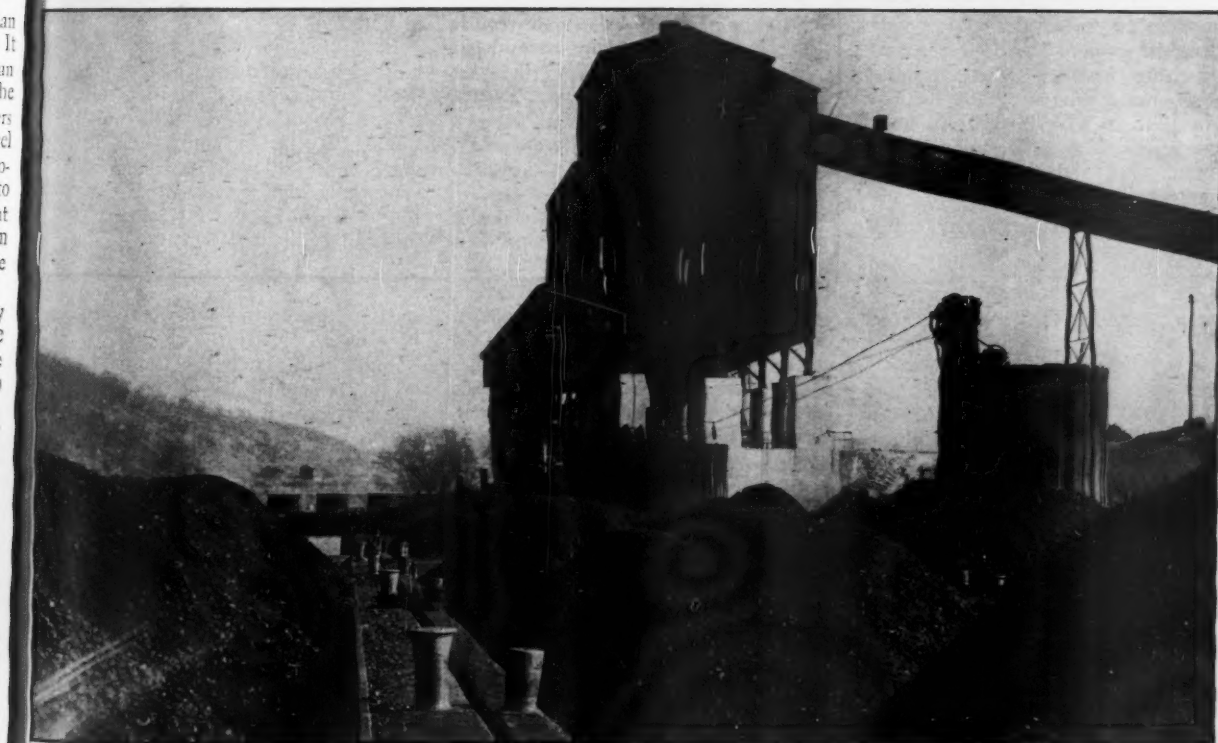
Like U. S. Steel, builders in Carmichaels are making a long-term investment. For even at capacity produc-

tion, Robena will last far into the next century. U. S. Steel figures there are 690 million tons of coal underlying the tract's 69,000 acres. At 20,000-tons-a-day output, and allowing as many as 345 working days a year, that means a life of 100 years.



STEEL BEAMS protect this worker from cave-ins as he dumps cars; mine is covered with rock particles to keep down coal dust.

CONVEYOR carries coal, blended for uniformity, to the tipples top; worker is walking up a stairway along the belt.



BARGES on the Monongahela are loaded in 6 minutes each, then make an economical 80-mile trip to coke ovens near Pittsburgh.

Economic Report

Truman's advisers think that "temporary props"—especially surplus exports—will postpone recession for some time.

The recession has moved off into a rather indefinite future. That's the gist of the midyear report of Truman's Council of Economic Advisers which the President sent to Congress this week.

• **Falling Income**—But our present booming prosperity still looks shaky to Chairman Nourse and his co-advisers, Keyserling and Clark. They're still impressed by the lag in domestic consumer purchasing power.

Real income of consumers, they point out, is falling steadily at a time when production is increasing. In 1944, per capita disposable income was \$1,057. In terms of 1944 dollars, the annual rate was only \$956 in the first half of this year.

• **Temporary Props**—What keeps the economy booming are the "temporary props" provided by capital expansion through plant reconversion and inventory accumulation, use of consumer credit, and a huge surplus of exports over imports.

It's this last point that has changed CEA thinking since January. At the beginning of the year they hinted broadly that recession could be expected unless prices were cut substantially.

Since then, there has been a zooming increase in the export surplus—from an annual rate of \$7,700,000,000 late in 1946 to \$12,700,000,000 now. In the light of the Marshall plan to maintain something close to this rate through coming years, the council has pushed its vision of trouble well into the future.

• **Prices, Wages**—On prices the council is much less urgent than it was six months ago. It points to—and claims some credit for—the leveling off of prices in the second quarter.

On wages, CEA says that in some cases increases are still needed to "attain workable relations in the wage and salary structure" and to alleviate hardship.

The council expects that business investment in new equipment will continue throughout the year at about present levels. Inventory accumulation, however, is already turning downward—from nearly \$1 billion a month at the beginning of the year to about \$260 million in May.

• **Three Threats**—In the immediate future, CEA sees three major threats to the "predominantly encouraging outlook":

• The possibility of short crops this



THE TUCKER and the ladies: Conover beauties glamorize one of two existing cars.

Tucker Stock Issue Finally in the Clear

The Tucker Corp. has finally got into a clear enough field to put its \$20-million stock issue on public sale. Early this week Floyd D. Cerf Co., Inc., the Chicago house slated to handle the deal, announced that the issue would be offered before week's end.

• **Hurdles**—The Securities & Exchange Commission wasn't the only hurdle Tucker had to clear.

Other obstacles were state securities commissions. Many states have "blue sky" laws governing the sale of new stock and bond issues. Tucker apparently has had just as hard a time satisfying them as he did SEC; only lately have the states begun to approve the sale.

• **Restrictions**—In some 30 states it is now legal to sell the stock. But

some state authorities have set up some sharp restrictions.

In Indiana, for example, all purchasers must be specifically told that the shares "embrace a risk of loss to the buyer and are offered as a speculation." And all the money that Hoosiers pay for the Tucker stock must be held in escrow until the company is actually in legal possession of the former Dodge war plant in Chicago.

In Minnesota, each stock buyer must sign a statement which is practically unprecedented in that state. It says that the buyer fully understands that he is "purchasing this stock with full realization that the venture is highly speculative," and that a return on the investment "is indefinite and uncertain."

year. Real shortage would threaten "higher living costs, higher wage demands, and a new inflationary push."

• The council minimizes the necessarily inflationary effects of the coal settlement. Recent price increases in coal will probably soon be eliminated as a result of increased productive efficiency.

• More serious is the high cost of housing, which is expected to hold building to about 750,000 units this year as compared with a goal of a million in 1947 and a million and a half in subsequent years.

COPPER PRICE SOFTENS

Prices of industrial raw materials are still high. Supply is generally tight. But last week brought a ray of hope to in-

dustrial consumers—a sign of softening in a major metal—copper.

Since mid-March the standard price of the red metal has been 21½¢ a lb. Some sales were made as high as 24¢. Then, last week, word got around that a custom smelter had foreign copper available for August-September export delivery at 20½¢. Questioned as to why he had not sold the metal in the domestic market at 21½¢, the seller explained, quite simply, "There weren't any buyers."

Thus, for the first time since the end of the war, it appeared that American industry felt that it was comfortably supplied with copper. Some large users are not only out of the market, but have been reported to be asking suppliers to delay current deliveries.

Super Radio Set

RCA jumps into custom-built receiver field with an ultra radio-phono-video combination. Retail cost: \$1,700 to \$4,000.

Amid the harmonic overtones of the Berkshire Music Festival, Radio Corp. of America next week will unveil its newest product: a superultra, 32-tube radio-phonograph-television set. It will cost up to \$4,000.

• **New Entrant**—The event will mark RCA's entry into the custom-built radio field. For years RCA has been known as the great mass-producer of low-to-medium-priced radios. Now the company is bidding for recognition as maker of one of the world's most expensive receivers.

Many observers see the move as a try for the prestige that heretofore has surrounded such radio makers as Farnsworth (Capehart), Magnavox, and Scott. RCA does not deny that it may pick up some prestige. Company officials expect, however, that the primary reward for their venture will be cold dollar-and-cents profits.

• **Idea Man**—The idea of a custom-built radio germinated about two years ago in the mind of Frank Folsom, RCA's vice-president in charge of operations. Folsom was seeking a way to apply the experience gained in wartime electronic research to production of a topnotch consumer product. The radio-phonograph-television combination seemed like the answer.

To get the project rolling, Folsom, a one-time Montgomery-Ward vice-president, recruited a former shipmate from Ward's. After taking counsel with Joseph G. Wilson—still another ex-Ward's man now an RCA vice-president—Folsom selected Harriet H. Higginson to head the project. Miss Higginson had been in charge of Ward's fashion merchandising program.

• **Market Survey**—Then RCA conducted a survey to determine the market for an ultracostly receiver. It concluded that two groups would buy such a radio: (1) the wealthy; (2) those music lovers of lower income groups who were willing to spend a disproportionate percentage of their incomes on a super-deluxe music maker. In both classes, the company believes, there are plenty of potential customers.

Another survey discovery: About three-fourths of the purchases would be made or directly influenced by women. So Folsom decided that he had done the right thing in putting a woman in charge of the project.

• **Parts on Test**—For the new glamor radio RCA wanted the best possible

parts. And it didn't care whether it made them or its competitors did. Since many of the high-priced radio manufacturers themselves bought parts from RCA, the firm decided that much of the radio's insides could come from its own shop. Some, however, probably could not. So the company tested its own and other manufacturers' equipment.

One press agent's dream of a test was made at New York's Lotos Club. Five competing loud speakers housed in identical cabinets broadcast a symphony concert to a group composed of Leopold Stokowski and several acoustical engineers. The broadcast was shifted from one speaker to another. At the conclusion of this blind test, the group settled on the RCA speaker.

As a result of other tests RCA decided to use its own parts throughout—except for the record-changer. And by autumn, RCA expects its own changer to replace the Thorens (Swiss) unit which the company now manufactures under a licensing arrangement.

• **\$1,700, and Up**—The company untied its pursestrings in making the model. To style the cabinets which house the equipment, it selected such well-known designers as New York's Edward Wormsley, John Vassos, and T. H. Robsjohn-Gibbings, and John Millington of the Baker Furniture Co. in Holland, Mich.

The outsize set, as it finally appears, comes in traditional, transitional, and modern styles. Or it can be engineered into the walls of a house. It has numerous refinements, including seven short-

wave bands, FM and AM, an electronic station selector, and RCA television. Prices for the model range from \$1,700 to \$4,000, depending on the cabinet style and whether the television equipment is desired.

• **Tie-In**—For a while RCA considered setting up a separate company to handle the new receiver. But now the company has decided to merchandise it as a completely new line.

To set its marketing program in motion with the ultimate eclat, RCA thus chose the famous Berkshire Music Festival at Tanglewood, Lenox, Mass., as the place for its debut. There—under the auspices of Dr. Serge Koussevitsky, the Boston Symphony Orchestra, and RCA—assorted patrons of music and Americans in general will get their first look at the company's expensive brainchild.

• **"Limited Edition"**—Sets in this first group will be called the "Festival Series." In obtaining permission to use the Berkshire name, RCA set aside an initial "limited edition" of 200 sets to be offered on a subscription basis. Profits from the sale of these sets will provide scholarships to the Berkshire Music Center. The Berkshire models will not be placed on open public sale until 1948. And then they will be merchandised only through selected dealers.

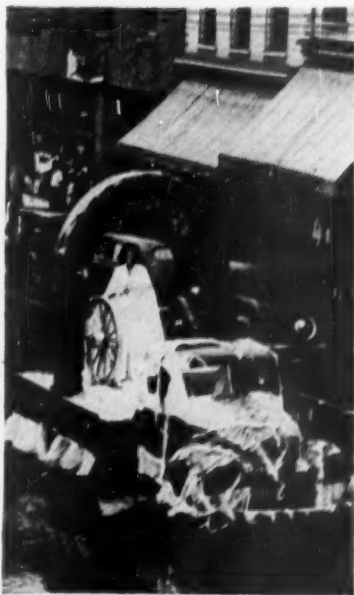
RCA has not disclosed whether it will take advantage of its Berkshire promotion to push its other products. The possibilities are numerous, however, for applying the Berkshire's prestige to the sale of RCA's less expensive radios.

Paris (Kentucky) for Industrial Progress

Paris, Ky., in Bourbon County in the Blue Grass, had a parade recently. The agricultural town was celebrating the opening of its second industrial enterprise—Electric Steam Radiator Co. Festivities included speeches, floats, a banquet, talent show, and street dancing.

Reason for the fanfare was that this was a community project. The chamber of commerce plugged the new plant to provide employment for veterans. Town merchants are putting up much of the cash.

Result: a plant that will eventually produce \$3 million of goods a year, employ 200-300, raise Bourbon County income \$62 per capita a year, provide a backstop when crops are bad. Hansley Mills, the town's only other industry, also turns out \$3-million of goods. The \$6-million total balances nicely the \$6-million return in 1946 on Bourbon's other mainstay—burley tobacco.





Full house, full season: holiday travelers jam Chicago & North Western Ry. station.

America Takes a Trip

U. S. vacationists will make 1947 biggest year in history for resorts, transportation, and national parks. Both inconvenience and money seem to be minor considerations.

In this summer of 1947, more Americans than ever before will get trout lines tangled in trees, upset canoes, and recuperate from sunburn. They are jamming highways, airports, and railway stations (picture) to travel farther in greater luxury, stay longer—and spend more money. In this era of prosperity, the summer vacation has become a top U. S. industry.

• **It's Only Money**—How much money he has to spend—or inconvenience he has to go to—seems to be a minor consideration to the average vacationist. Humble, third-rate inns, of course, are bulging as never before. But the swankier, dress-for-dinner resorts, from the coast of Maine to the Canadian Rockies, give the same report: booked solid at least through August. If they can get accommodations, vacationers seem willing to pay the highest prices for the best in resorts.

The same thing applies to transportation. Railroads claim that Pullman space is in bigger demand now than prewar, that coach travel is down by comparison. The Milwaukee R.R. says that on some of its western trains, it could easily fill nine parlor cars to every coach.

The Chicago Motor Club reports a similar boom. Not only are inquiries running 35% ahead of last year; people are planning longer—and more expensive

—trips than they used to. Many inquiries are for three-week tours of 3,500 to 4,000 miles (round trip). This despite the fact that such a trip will cost an estimated 35%-40% more than it did before the war.

A Cincinnati auto club official confirmed the trend. Said he: "How they have time to stop and look at all the things they pass, I'll never know. They're making two or three trips combined in one."

• **Breakdown**—Here is what the picture looks like in some of the major summer vacation areas, as shown in a survey by Business Week correspondents:

The West—Dude ranches and resorts are booked to capacity everywhere. The railroads report heavy travel, say that western tours are extremely popular. (On the average, a tourist-class, 14-day western tour runs between \$225 and \$300.)

All national parks say that business is running well ahead of 1940, previous biggest year. For example: Yellowstone had a record-breaking June. The Milwaukee R.R. reports that from June 20 to July 9 it took 1,390 persons into the park, compared to 465 during the same period a year ago.

New England—Maine is doing the biggest vacation business in the state's history. Its 225 children's camps are completely filled with 16,000 boys and

girls. Every summer cottage and home in the state is either occupied by owners or rented. Expensive sporting camps (charging \$7 to \$10 a day plus boat plus guide) are booked heavily through September. Estimated total business for the season: \$115 million, or 10% above last year's record.

The rest of New England reports a similarly heavy vacation business. Specific indications are few, because close tabulations have never been made on New England recreation. (The Federal Reserve Bank, in cooperation with the New England Council, is now engaged in a preliminary compilation of tourist trade figures.) But volume of gasoline sales is unusually heavy now, and hotels are said to be getting the biggest traffic in New England history.

New Jersey—Vacationists in Atlantic City are well on the way to eclipsing that resort's record 1946 business. During the first eight days of July, the city grossed \$16,827,000—\$470,000 higher than the same period last year. The better boardwalk hotels are booked solid through Labor Day. All of the some 5,500 rental units (cottages and apartments) are booked for the season, with an average of five persons in each. One black spot: Although there are more visitors this year than last, they are spending a trifle less money.

Ocean City is catering to the largest crowds in history. Wildwood's business is about on a par with last year—but some of the shops have cut prices slightly.

Canada—Here, too, the season is the biggest on record. Despite rain and cold weather in June, motor vehicle permits issued at border points were up 11% over June of 1946. Travel in July and August will be well above all previous years. The Canadian Pacific R.R.'s Banff Springs Hotel, and the Canadian National R.R.'s Jasper Park Lodge, both in the Canadian Rockies, are booked solid for July and August. Hotel rates are up over last year, but in no case more than 10%. There has been no boost in passenger transportation rates, and railroad traffic is moving at heavy volume.

RESALE RACKET UNDER FIRE

People who wheedle shiny new cars from dealers, only to resell them at a quick \$500 profit, are finding themselves marked men. New car agencies are beginning to lash out against the auto resale racket (BW-Jun.14'47,p44) with a vengeance. Latest device to spike it: an option agreement dealers require customers to sign when they buy a car. Under it, the customer agrees to give the dealer first call on buying the car if he should decide to sell it within six months.

In Oklahoma, two purchasers who ig-



Manufacturer Flies Ryerson Engineer to Plant . . . and returns him with problem solved

A machinery manufacturer faced an emergency. He was changing over to flame-cut steel plate for many parts previously cast. In the process of change-over, unforeseen production problems threatened to stall his entire operation. Committed to a heavy schedule of deliveries, he saw the threat of reduced volume as an inconvenience to customers—a mark against his company.

Moving swiftly against time, he called Ryerson in a neighboring state, offering to send his company plane if a Ryerson specialist would make a flying trip to his plant. We agreed, and, in a matter of hours, a Ryerson engineer was on the spot giving practical assistance. By simplifying several parts, engineering difficulties were avoided. Standardization of other parts reduced cost and made better use of available steel. There was no slow down in production.

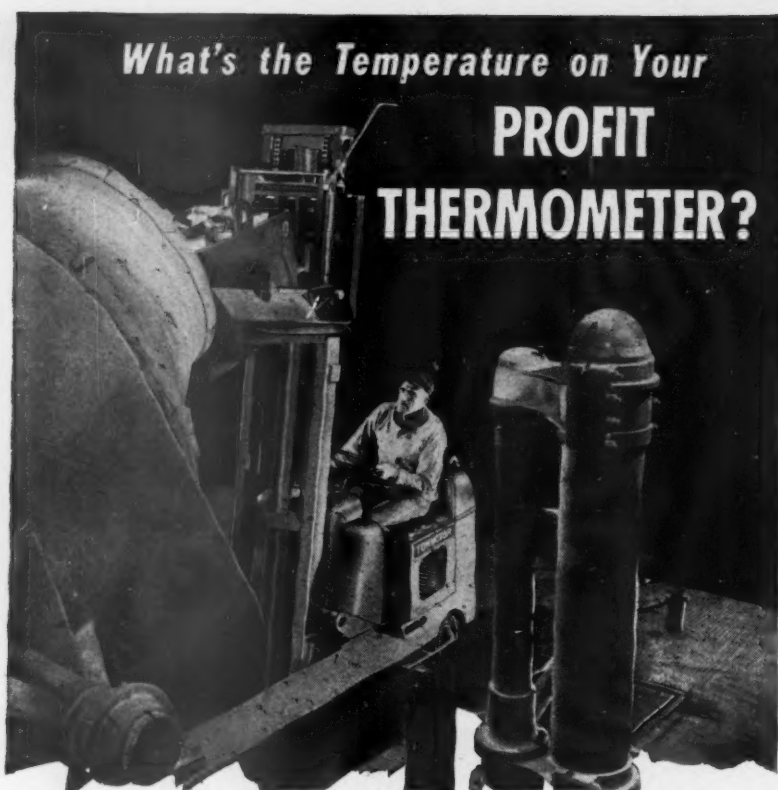
Our specialist was flown back the same day, and that night he made out a report covering his day's activities. It was brief enough. It read: Customer service.

That brief report—customer service—sums up the reason so many steel users make Ryerson the first source for steel from stock and turn to us in time of trouble. Despite steel shortages there is no shortage in our willingness and ability to cooperate. Our technical men will gladly work with you on any steel problem, or assist in the search for a suitable alternate when needed steel is not available. Remember that Ryerson facilities and Ryerson experience are always at your service when you call our nearest plant.

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RYERSON STEEL



If your profits are hovering near the zero mark, put the heat on handling. Inefficient handling will freeze up the flow of materials through production, reducing productive output. Towmotor Fork Lift Trucks and Accessories will thaw out production bottlenecks, keep materials flowing in a steady, controlled stream that keeps men and machines producing at capacity. If you're looking for "warm weather" readings on your profit thermometer, send for a Pocket Catalog. Towmotor Corporation, Division 2, 1226 East 152nd Street, Cleveland 10, Ohio.

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OVERHEAD GUARD



TOWMOTOR

FORK LIFT TRUCKS
and TRACTORS

RECEIVING • PROCESSING • STORAGE • DISTRIBUTION

nored such an agreement promptly found themselves haled into court. Result: One Tulsa Chevrolet dealer covered \$300; an Oklahoma agency's suit is still pending.

In Ohio, however, Cleveland used car dealers hooted openly at such agreements. One hustling used-car man John Millar, stoutly proclaimed them to be "in restraint of trade." He said he was telling his customers that an option paper "doesn't mean a thing." To prove it, he pointed to his record: \$44,000 worth of business he did in 1947 cars last week.

Nevertheless, an Akron court is hearing a case testing the legality of the agreements.

Meanwhile, Cleveland's Kinsman Square Chevrolet Co. has gone other dealers one better. Kinsman holds a \$1 mortgage on every new car it sells. That the firm keeps the car's title until it is released at the end of a specified time. Attorneys agreed that this plan seemed to be legally enforceable.



1946 →

1946 was slim picking

1946 was an unusually difficult year for the railroad, with a decline of 14.3 percent in gross revenues, and it was pretty slim picking for the B. & O.

There were labor disturbances of extended duration which cut the B. & O. back millions of dollars of income. For example, the two coal strikes lasted 56 working days, or more than 9 calendar weeks. During this time, the B. & O. had few coal to burn and, what is more, had hardly any coal to haul.

Then, too, the rate of material and labor kept going up. The increase in wages paid by the B. & O. plus payroll taxes, totaled more than \$10,000,000 in 1946. Of this, almost \$8,000,000 was retroactive to January 1, 1946, and there was no way to obtain a retroactive increase in the road's income.

Sure, there was a freight income gain toward the end of the year, but it wasn't effective until January 1, 1947, and could not be made retroactive. The comparatively small increase in effect to the last six months of 1946 did not do much in meeting the heavy increased costs. Everybody knows a railroad can't go back to its shippers and say, "I'm sorry, I didn't pay us enough last April, May and June and we'd like to collect."

And here's something else to think about: If the road's loss for the 1946 "tax carry-back" to 1946, B. & O. would have been \$15,500,000 in the net instead of \$6,500,000 in the loss. But there'll be no "tax carry-back" order in 1947.

A FEW CHOICE WORDS

Most company reports are too technical and long winded for the men who carry the lunch pails. This year the Baltimore & Ohio R.R. Co. hired cartoonist Don Herold to explain its affairs to employees. The result: "Know Yourself," a lively presentation of facts and figures aimed at catching and holding the employees' attention.

Based mostly on 1946 operations, the bulletin keeps written matter to a minimum, relies on to-the-point cartoons to tell the story. Like a front-porch chat, it chins about B.&O., breaks down big figures into simple arithmetic—for easy absorption, better employee relations.

This Ethereal Beauty

is Based On Solid **BRASS**



WHEN great music swells along the air waves and wells up in your living room — there's a deep magic which never loses its spell.

In conjuring up this magic, Brass plays many vital supporting parts, for which it is perfectly "cast" by reason of characteristics like these: Exceptional qualities of resonance . . . non-interference with clear reception . . . high resistance to corrosion under all atmospheric conditions. Now add the unique advantages of Brass in production . . . as one example, the forming of perfect radio tube-bases in one operation, where other metals would require several operations. There, in sum, is a combination of qualities which can't be matched — either in fabrication or use — by any other material.

And whatever combination of qualities you may require of Brass to be used in your product, be sure that you can get that exact alloy in Bristol Brass sheet, rod, and wire. Be sure, too, that Bristol will supply your needs promptly, and precisely to specification, shipment after shipment. And now, to determine the advantages which Brass will bring to your product . . . both production-wise and sales-wise . . . you are invited to write to the Sales Engineering Department here at the Bristol mills.

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Turbine blower — handles acid fumes and moist air. Soft rubber on light-gauge C-R steel.



Floor machine switch box electrical insulation. Neoprene cover on cast iron.

The Glover Coating Company in Malden, Mass., uses a variety of BOSTIK Customized Adhesives to bond natural rubber, neoprene, vinyl plastics and metal in almost every possible combination. See Illustrations.

Says Mr. Manson Glover, "Nobody could do a better service job than B. B. has done for us over the 14 years that we have been using BOSTIK Customized Adhesives."

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READERS REPORT

Taft-Hartley Law

Sirs:

I have just finished reading the lead article on the new Labor Management Law in the June 28 issue of *Business Week*, and I feel bound to write you this note in appreciation of the best reporting of the law I have come across.

To my mind, it is the most dispassionate and clearest explanation of the possible effects of the new law on both management and unions.

James A. Baubert
Public Relations Director,
Westinghouse Electric Corp.,
Pittsburgh, Pa.

Management's Guide to the Taft Law has proved to be a useful tool for executives all over the country. Thus far *Business Week* has received 1,155 requests for 19,944 reprints.

Sirs:

On page 22 of the June 28, 1947 issue of *Business Week* is the following statement, in *Management's Guide to the Taft Law*:

"From June 23, there are 60 days before the prohibitions on the closed shop and the restrictions on any other form of union security become operative. In this period it is perfectly legal to amend already existing contracts. The terms of such contracts in effect at the end of the 60-day period will not come under the prohibitions of the new law until their date of termination."

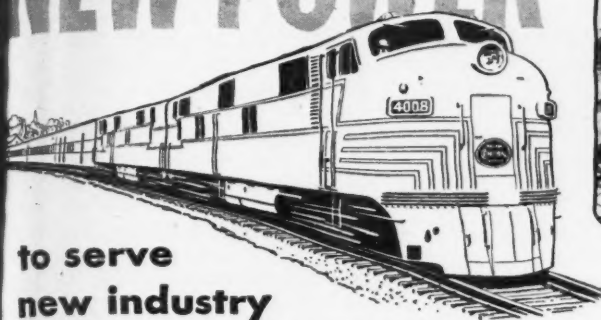
"Hence, if a union amends its present contract to run without termination, and provides for regular reopenings on wages and economic questions, it can hold its closed shop indefinitely. . . ."

I believe this statement on your part would be contrary to Sec. 102 of the new law. Practically all analyses of the law that I have studied agree that closed shops or union shops or other forms of union security contracts when the law was passed are not affected until expiration or renewal. However, the consensus also seems to be that union-security contracts signed within 60 days of the law's passage and running for a period of no more than a year are not affected until the expiration or renewal. Under this interpretation, both closed-shop and union-shop and the maintenance-of-membership provisions could be signed during the 60-day period but could be effective for a period of only one year.

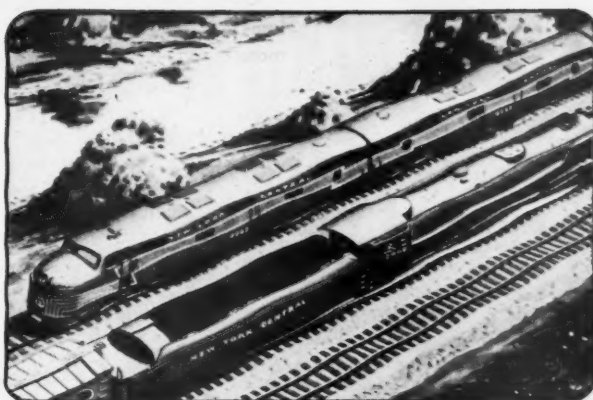
Jack E. Hubbard
Labor Relations Counsel,
Industrial Relations Associates,
Lansing, Mich.

Many other correspondents had simi-

NEW POWER



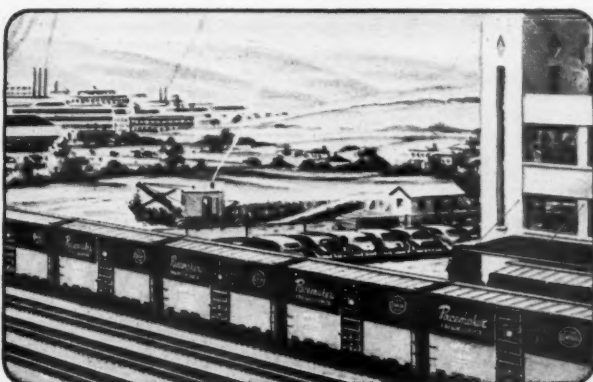
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new industry
on New York Central



400,000 Postwar Horsepower! Over half of New York Central's 145 new Diesel units are here. And the rest are on the way. Added to the fleet of efficient, new, steam-driven "Niagaras", this means more than 400,000 postwar horsepower harnessed to your transportation needs when you choose a Central location for your plant.

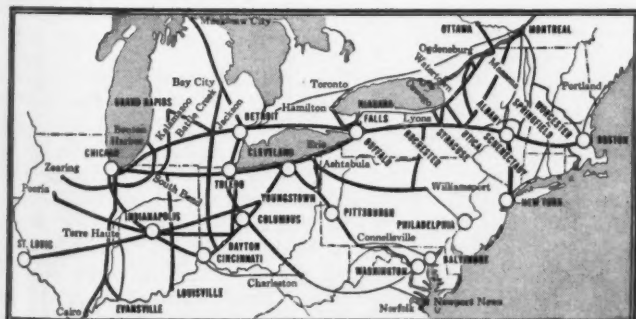


A Moving Force in Your Success! World's largest postwar locomotive fleet is your assurance of smooth, fast, all-weather transportation service. A completely dependable link between your plant and America's richest markets...leading Atlantic Coast ports...and the varied sources of raw and semi-processed materials tapped by New York Central's modern 11,000-mile rail network.



"Central" Locations to Order! This Railroad will gladly help you find an industrial site to fit your needs among the many "Central" locations served by its new motive power. Contact New York Central's nearest Industrial Representative or your local freight agent. Or write Industrial Department, New York Central System, 466 Lexington Avenue, New York 17, N. Y.

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ELECTRICITY at low cost, and sources of pure water for industrial uses, are both plentiful here.

NEW specialized cars are adding to New York Central's modern 158,000 freight car fleet.

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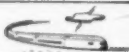
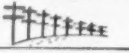

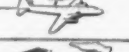

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lar comments and questions on this point.

Although it makes no specific mention of the "closed shop," the Taft-Hartley law, in Sec. 8(a) and in Sec. 8(b)(2), makes it an unfair labor practice for both employer and labor organizations, respectively, to require union membership as a condition of employment for the first 30 days of a new employee's tenure—and that requirement is hedged about by new regulations. Thus, insofar as these sections will apply, the closed shop is outlawed.

Confusion arises, however, over when and in what circumstances these sections of the law will apply. Sec. 102—"Effective Date of Certain Changes"—provides three things: (1) The new unfair labor practices forbidden by the act cannot, if performed prior to the law's enforcement, be the basis for any current complaints; (2) contracts calling for the closed shop which were entered into "prior to the date of enactment of this act" are exempt from the closed-shop proscription; and (3) new agreements calling for the closed shop and entered into between June 23 and Aug. 23 (the enactment and the effective dates of this title of the new law) will be exempt from the closed-shop prohibition only up to a limit of one year.

Sec. 102 also, very specifically, bans the renewal or extension of closed-shop agreements "subsequent" to "the effective date of the title." It is silent on agreements renewed, extended, or amended between the enactment and effective dates.

The preponderant weight of court decisions has held that where a statute is on one point explicit and on another silent, the silence is not an implicit creation of a new right or liability. This was the ground for the Business Week interpretation that amended closed-shop contracts "in effect at the end of the 60-day period will not come under the prohibitions of the new law until their date of termination."

In the interests of cautious conservatism, Business Week narrowed that even further by posing circumstances in which both the employer and the union want to maintain such contracts in effect, make no substantive changes in their agreement, and amend only the date of termination. Given such a situation, while the individual employee might lodge a complaint, it seems clear that the contract could be nullified only by a majority vote of employees covered, precipitated by 30% of employees becoming petitioners for nullification.

Business Week is aware that many students of the act differ on this point. No wonder: Even its authors, Sen. Taft and Rep. Hartley, are at odds over whether it applies to the new coal contract (BW—Jul. 19 '47, p. 80). NLRB,

which acknowledges that the issue must be left to the courts, will in the meantime proceed on the interpretation which Reader Hubbard favors.

Sirs:

You state . . . on page 22, "Protected by the act, the individual employee may at any time circulate a petition in the shop either requesting that a union shop be granted or, if one exists, requesting its abolition." Management under the Taft-Hartley act, may still make reasonable rules and regulations, one of which is to prevent such circulation during working hours, thus effectively denying the unrestricted right to circulate. Even under the Wagner act, an employee's guaranteed freedom to organize did not permit him to engage in such organizational endeavors during working hours.

Harry L. Browne

Kansas City, Mo.

You are right that management is still able to make reasonable rules and regulations covering shop discipline. However a serious question exists as to whether these rules are legal if they are now changed or enlarged to circumscribe an employee right established in the new law. Under Wagner act practice which you cite, and which may be presumed to be relevant to the administration of the new statute, established shop rules were valid. But new rule which impinged on rights conferred by the law were held to be unfair labor practices. To be safe, let's put it this way: In those plants where, before the passage of the Taft-Hartley act, written shop rules existed banning the circulation of petitions during working hours, an employee may now circulate a pro or con union shop petition at his own peril. In those establishments which, after the passage of the law, establish a petition-ban rule, the employer disciplines a rule-breaker at the employer's peril. Here, again, the line of legality will have to be determined by the courts.

Sirs:

At the bottom of page 19, first column, you state that an employer may no longer recognize a union voluntarily without an election. I have considerable doubt as to the accuracy of this statement. I see no technical objection to voluntary recognition of a union without an election or certification by the Board. While in some cases, and under some circumstances, voluntary recognition may leave the door open to a demand by a rival union for recognition, I do not think this affects the legality of the contract, under the statutory provisions for certification. While an election is necessary before a union shop provision is granted, this rule does not apply to ordinary recognition in-

cluded in a collective bargaining agreement without union security provisions.
Leo Guzik
12 Broadway,
New York 4, N. Y.

When a union asks for recognition and an employer freely chooses to tender that recognition—and that is all there is to the case—no “question of representation exists.” Under these circumstances, both under the Wagner act and under the Taft-Hartley act, recognition may be accorded and a legal contract negotiated. A “question of representation exists” when, very simply, someone with a direct interest raises the question of a given union’s right to represent a group of employees. When this question is raised with the National Labor Relations Board—either by the employer, by an employee, by a group of employees, or by any labor organization—and the board “has reasonable cause to believe that a question of representation affecting commerce exists” [Sec. 9 (c) (1) (B)]—the employer can no longer be induced to recognize a union voluntarily. What happens is that NLRB must proceed to hold a hearing—not on whether a given union is representative, but on whether the question of representation exists. If the board so finds, an election must be held. It is no longer possible, as it was under the Wagner act, to dispose of the question by a check of union membership cards against payroll records or by any other such quasivoluntary device. Until the election is held and the result certified, the employer is stopped by law from recognizing the union involved.

Sirs:

Well done!

Louis G. Silverberg

Director of Information,
National Labor Relations Board,
Washington, D. C.

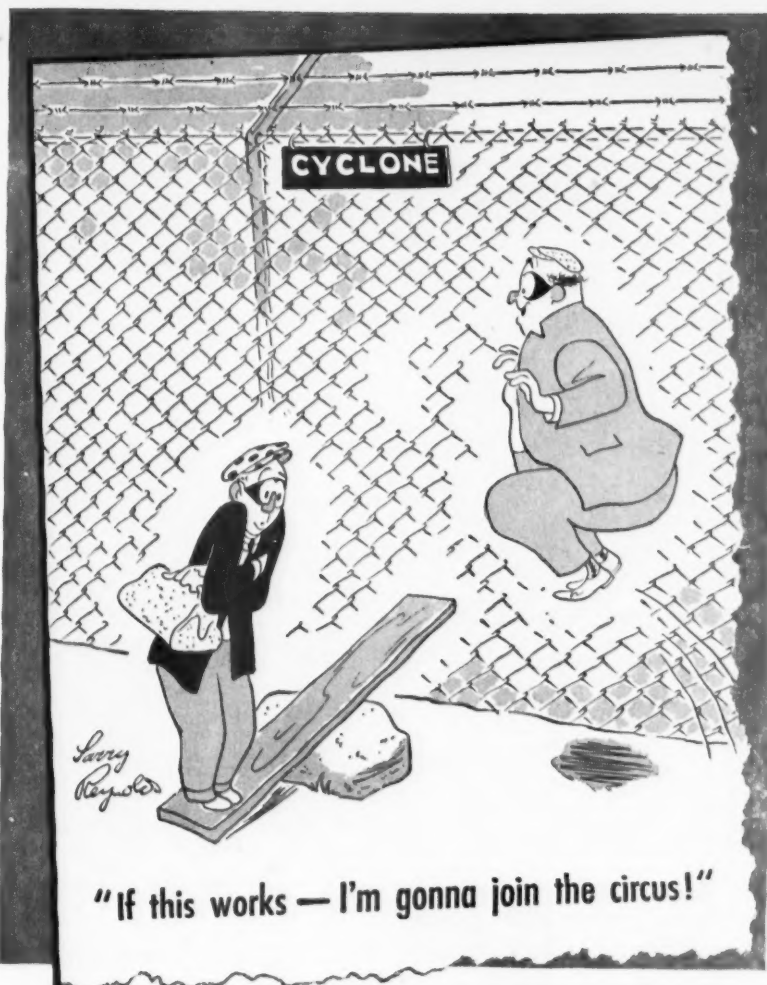
Small Livestock Yards

Sirs:

On page 34 of your June 28 issue mention is made of small yards, auction barns, etc., for livestock buying, as springing up in the Middle West. If your man who wrote that had the facts, he would find that the number of such points has gone down in the past few years—the state of Iowa being one example, and Illinois another. So don’t get too enthusiastic.

H. K. Snell

As Business Week noted, the increase of small yards may be only a phase; and a decrease from the peak number in the Midwest would follow the pattern of other areas. Therefore, evidences of a countertrend in some sections could be expected.



“SPIKE” seems to lack confidence. But plant owners with Cyclone Fence have plenty of confidence in its ability to keep out thieves and troublemakers. It’s easy to see why.

Cyclone’s own factory-trained erecting crews install this sturdy fence to stay there. Under normal conditions, Cyclone Fence stays taut and true for years. Gates don’t drag, rails don’t buckle, posts don’t get out of alignment—because this fence is scientifically designed for extra strength and expertly installed for

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Send for your copy of our free, illustrated fact-book. It will help you to judge for yourself Cyclone’s superiority of construction and design, and to see which type of U-S-S Cyclone Fence fits your particular requirements. There’s no obligation. And remember—no job is too large or too small.

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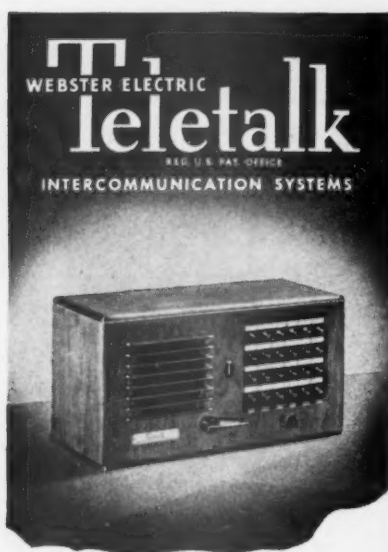


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"Teletalk" is available through Graybar

The 96 Graybar branches in key cities are ready to help you secure a "Teletalk" system. Graybar has "Teletalk" Dealers in or near most communities who have had wide experience in planning and installing intercommunicating systems. This experience will be helpful in selecting the "Teletalk" system that will best meet your requirements.

"Teletalk" intercommunication systems are composed of a complete line of master units and speaker stations so that a correct selection can be made with the least amount of investment. This complete line offers you a real opportunity to meet all requirements.

Why not take advantage of the experience of Graybar and its "Teletalk" Dealers and get their helpful suggestions. You'll find Graybar listed in the classified section of your phone book—if not—drop a line to the address below.

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MARKETING



Revisers of the national income data: Commerce Dept.'s Milton Gilbert (seated), Income Div. Chief; (left to right) Charles F. Schwartz, George Jaszi, and Edward F. Denison.

A Better Tool for Business

Complete revision of Commerce Dept.'s estimates of national income and national product—perhaps the most widely used of all business statistics—makes them more valuable than ever.

Dept. of Commerce experts this week presented business with a piece of homework that will keep its statisticians' slide rules going for the rest of the summer. In a special supplement to its Survey of Current Business, Commerce released a top-to-bottom revision of its estimates of national income and national product. These series are probably the most widely used business statistics in the world.

• **Many Uses**—During the past ten years, businessmen have learned to use the national income estimates to tackle problems ranging all the way from how much to pay the office boy to when to bring out a new product.

Economists take them as starting points for forecasting. Analysts use them to check the progress of a particular company against trends in the rest of the economy. Marketing men depend on them in calculating sales potentials and in setting salesmen's quotas.

• **Improved**—Publication of the revised estimates—covering the whole period from 1929 to date—means that most of the calculating will have to be done

over again. But to compensate for the extra work, the revision gives businessmen much more detailed breakdowns and better estimating procedures than they ever had before.

Some of the difference between the old estimates and the new comes from improvement in statistical techniques. But the most important changes are in the basic definitions—the decisions as to what to include and exclude from the measurement of national income.

• **Five Changes**—The new definition of national income differs from the old in five main ways:

(1) It includes the rental value of owner-occupied houses. Consequently an increase in the proportion of families owning their own homes no longer will change the total national income estimate. Under the old system of measurement, a wave of home buying—as during the war—had a tendency to pull the total down.

(2) It counts corporate profits before taxes rather than after.

(3) It includes the value of food and clothing furnished members of the



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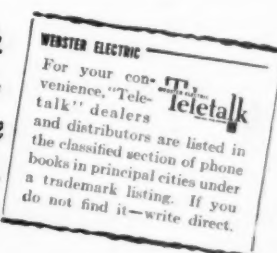
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National Income by Distributive Shares, 1929-46

[Millions of dollars]

	1929	1933	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946
National income.....	87,355	39,584	66,941	73,627	67,375	72,532	81,347	103,834	136,486	168,262	182,260	182,808	178,204
Compensation of employees.....	50,786	29,330	42,075	47,696	44,747	47,820	51,786	64,280	84,689	109,102	121,184	122,872	116,763
Wages and salaries.....	50,165	28,825	41,754	45,948	42,812	45,745	49,587	61,708	81,681	105,537	116,944	117,551	111,113
Private.....	45,206	23,660	33,866	38,432	34,564	37,519	41,130	51,537	65,028	78,671	83,317	82,085	80,237
Military.....	312	270	338	358	370	398	591	1,862	6,285	14,478	20,782	22,438	8,010
Government civilian.....	4,647	4,895	7,550	7,158	7,878	7,828	7,866	8,309	9,768	12,388	12,845	13,028	12,809
Supplements to wages and salaries.....	621	505	921	1,748	1,935	2,075	2,199	2,752	3,008	3,565	4,240	5,321	5,650
Employer contributions for social insurance.....	101	133	418	1,234	1,423	1,540	1,624	1,983	2,302	2,677	2,936	3,805	4,072
Other labor income.....	520	372	503	514	512	535	575	589	706	888	1,304	1,516	1,578
Income of unincorporated enterprises and inventory valuation adjustment.....	13,927	5,207	12,164	12,249	10,768	11,282	12,660	16,504	22,724	25,951	27,690	30,165	34,951
Business and professional.....	8,262	2,925	6,074	6,630	6,347	6,776	7,720	9,566	12,112	14,128	15,310	16,700	19,738
Income of unincorporated enterprises.....	8,120	3,450	6,194	6,659	6,126	6,942	7,772	10,210	12,464	14,266	15,369	16,734	21,046
Inventory valuation adjustment.....	142	-525	-120	-29	221	-166	-52	-644	-352	-138	-59	-84	-1,308
Farm.....	5,665	2,282	6,090	5,619	4,421	4,506	4,940	6,938	10,612	11,823	12,380	13,465	15,213
Rental income of persons.....	5,811	2,018	2,682	3,140	3,278	3,465	3,620	4,322	5,371	6,150	6,693	6,952	6,865
Corporate profits and inventory valuation adjustment.....	10,290	-1,981	4,946	6,166	4,292	5,753	9,177	14,615	19,824	23,692	23,486	19,689	16,451
Corporate profits before tax.....	9,818	163	5,684	6,197	3,329	6,467	9,325	17,232	21,098	24,516	23,841	20,222	21,140
Corporate profits tax liability.....	1,398	524	1,411	1,512	1,040	1,462	2,878	7,846	11,665	14,153	13,913	11,283	8,601
Corporate profits after tax.....	8,420	-362	4,273	4,685	2,289	5,005	6,447	9,386	9,433	10,363	9,928	8,939	12,539
Dividends.....	5,823	2,066	4,557	4,663	3,195	3,796	4,049	4,465	4,207	4,477	4,689	4,765	5,614
Undistributed profits.....	2,597	-2,428	-284	-8	-906	1,209	2,398	4,921	5,136	5,886	5,239	4,174	6,925
Inventory valuation adjustment.....	472	-2,143	-738	-31	963	-714	-148	-2,617	-1,274	-824	-355	-533	-4,689
Net interest.....	6,541	5,010	4,474	4,376	4,290	4,212	4,104	4,113	3,878	3,367	3,207	3,130	3,174

Gross National Product, National Income, and Personal Income, 1929-46

[Millions of dollars]

	1929	1933	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946
Gross National Product.....	103,828	55,790	84,705	90,213	84,683	90,426	100,477	125,294	159,628	192,573	210,551	213,120	203,679
Less: Capital consumption allowances.....	8,816	7,245	7,684	7,972	7,992	8,101	8,440	9,294	9,935	10,585	11,773	12,085	11,040
Depreciation charges.....	7,553	6,608	6,607	6,838	6,894	7,082	7,228	7,878	8,666	9,409	10,456	10,557	8,875
Accidental damage to fixed capital.....	413	275	381	304	387	222	246	273	484	399	374	384	404
Capital outlays charged to current expense.....	850	362	696	830	711	797	966	1,143	785	777	943	1,144	1,761
Equals: Net National Product.....	95,012	48,545	77,021	82,241	76,691	82,325	92,037	116,000	149,693	181,988	198,778	201,035	192,639
Plus: Subsidies minus current surplus of government enterprises.....	-147	18	39	60	176	485	420	102	150	183	659	775	843
Less: Indirect business tax and nontax liability.....	7,003	7,055	8,063	9,157	9,154	9,365	10,021	11,296	11,813	12,685	14,029	15,339	16,851
Business transfer payments.....	587	659	594	567	429	451	431	502	404	504	549	564	528
Statistical discrepancy.....	-80	1,235	802	-1,050	-91	462	658	470	1,050	720	2,599	3,099	-2,101
Equals: National Income.....	87,355	39,584	66,941	73,627	67,375	72,532	81,347	103,834	136,486	168,262	182,260	182,808	178,204
Less: Undistributed corporate profits.....	2,597	-2,428	-284	-8	-906	1,209	2,398	4,921	5,136	5,886	5,239	4,174	6,925
Corporate profits tax liability.....	1,398	524	1,411	1,512	1,040	1,462	2,878	7,846	11,665	14,153	13,913	11,283	8,601
Corporate inventory valuation adjustment.....	472	-2,143	-738	-31	963	-714	-148	-2,617	-1,274	-824	-355	-533	-4,689
Contributions for social insurance.....	243	285	598	1,800	1,977	2,136	2,282	2,784	3,468	4,516	5,172	6,140	5,990
Excess of wage accruals over disbursements.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	209	-193	14	-30
Plus: Net interest paid by government.....	983	1,170	1,101	1,204	1,192	1,205	1,291	1,289	1,517	2,140	2,800	3,675	4,491
Government transfer payments.....	912	1,454	2,926	1,851	2,405	2,512	2,688	2,617	2,657	2,466	3,082	5,621	10,791
Business transfer payments.....	587	659	594	567	429	451	431	502	404	504	549	564	528
Equals: Personal Income.....	85,127	46,629	70,575	73,976	68,327	72,607	78,347	95,308	122,159	149,432	164,915	171,590	177,217

armed forces, government allowances to their dependents, and the government's contribution to military life insurance funds. Under the old system, only cash wages and salaries paid to military personnel were counted.

(4) It excludes interest paid on the government debt.

(5) It excludes business profits or losses on inventory resulting from price changes.

• **Figures Higher**—The net effect of all these changes is to raise the general level of the national income and national product estimates. Before 1940, the boost is fairly small. But for the war years—when corporate taxes and

the value of food and clothing furnished the armed services were running high—it amounts to as much as \$21-billion a year.

For 1939 the Commerce Dept. estimated national income at \$70,800,000,000 on the old basis. The revision hikes the total only a little—to \$72,500,000,000. But for 1944, the old estimate was \$160,700,000,000; the revised figure is \$182,300,000,000. For 1946, the old estimate was \$165,000,000,000; the new is \$178,200,000,000.

• **What About Savings?**—Changes in some of the income components probably will give economists more to chew on than the shifts in the totals. The

over-all level of consumer expenditures, for example, is estimated directly under the new system instead of being derived by subtraction. And consumer expenditures come out considerably higher. Consequently, personal savings during the war years seem to have been a good deal smaller than anyone thought. This may make a difference in some of the estimates of deferred demand and backed-up purchasing power that economists have been using.

On the new basis, Commerce figures that consumer expenditures in 1946 were \$143,670,000,000 and savings \$14,758,000,000. The old estimates were: consumer expenditures, \$127-

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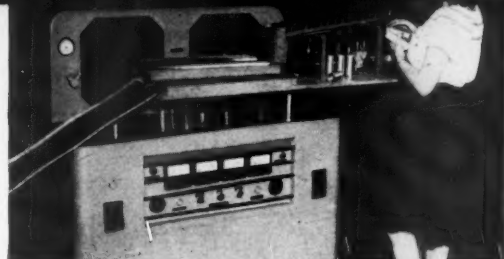
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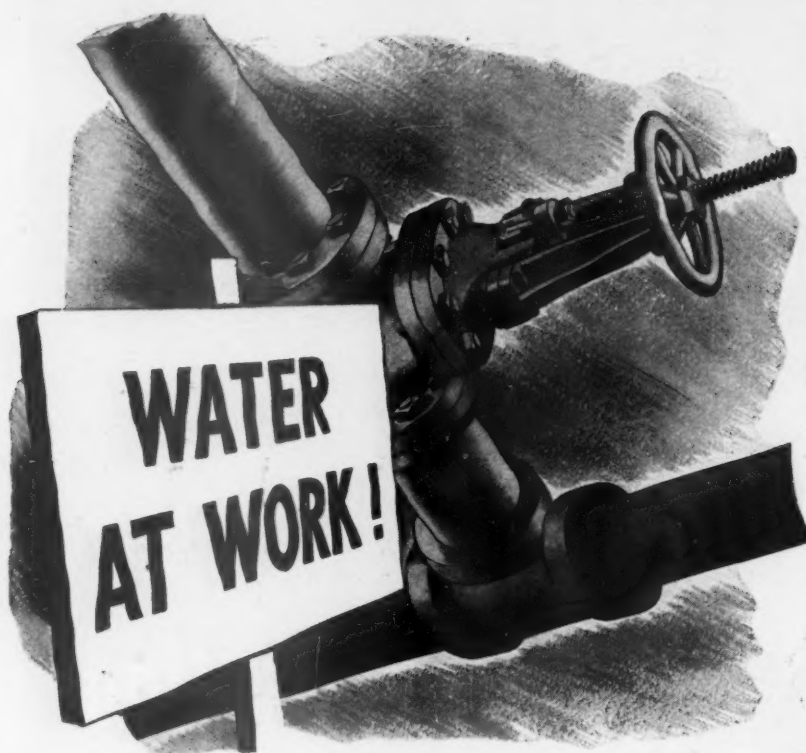
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200,000,000; savings, \$18,800,000,000.

• **Different Concepts**—In its summary figures, the Commerce Dept. sticks by its custom of giving a choice of several different concepts (table, 34):

• Gross national product is the market value of the output of goods and services produced by the nation's economy before allowance for depreciation or for consumption of durable capital goods. It is the grand total of the economy's production.

• Net national product is the market value after allowance for depreciation and consumption of capital.

• National income is the aggregate earnings of labor and property arising from current production of goods and services. It differs from net national product mainly by the exclusion of indirect business taxes and business transfer payments.

• Personal income (formerly called "income payments to individuals") is the current income received by persons from all sources (including unincorporated business income and the income of non-profit institutions). It differs from national income mainly by the exclusion of undistributed corporate profits, inventory valuation adjustments, and direct corporate taxes, and by the inclusion of government interest payments and transfer payments.

• **Substitute Summaries**—National income and gross national product are the figures used most frequently. But there is nothing that says an analyst can't construct his own summary figure by combining the various components that he wants. Many business economists have made up series in this way.

In any case, a good many businessmen will be more interested in the detailed breakdowns than in the grand totals. One tabulation, for instance, shows national income by industrial origin, splitting up the total among some 70 industry groups. Another gives the breakdown of national income according to the legal form of the organization originating it. And one meaty table gives consumer expenditures for goods and services divided among nearly 200 components.

• **Advantages**—From a theoretical standpoint, the new estimates represent a tremendous improvement over the old system. Aside from the more detailed breakdowns and better estimating techniques, the new figures have at least two big advantages over the old:

(1) Commerce Dept. experts worked out the new definitions in consultation with national-income experts from several other countries. They expect a number of countries to adopt similar definitions. This will put the official estimates of national income in various countries on all fours for the first time.

(2) The fundamental idea of the revision was to put national income ac-



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BUSINESS IN MOTION

To our Colleagues in American Business...

There is so much emphasis on science today that there seems to be a tendency to forget the importance of the good old method of trial and error applied to the solutions of problems. After all, practical men in all kinds of businesses have a great deal of knowledge, and quite often intelligent experimentation based upon experience will produce the desired results. But there are at least two occasions on which the wise practical man turns to science. One is when time, money and materials are lacking for experiments, and the other is when the best rule-of-thumb methods have failed.

A recent case involving condenser tubes illustrates the great value of collaboration between science and industry when industry is really baffled. There was a certain condenser in which tubes were failing much too quickly. Everything that an unusually skillful and competent plant superintendent could think of was tried, without result. Finally, samples cut from failed tubes were sent to the Revere Research Laboratory. There, chemical and microscopic investigations showed that while failure was due to corrosion, there was another factor, vibration. It is known today that vibration in a condenser produces cracks across the grains of the metal, not only weakening it but also affording more points for corrosive fluids to attack. Vibration also disturbs or disrupts the thin film on the surface of the metal that protects it and helps reduce the rate of corrosion. Of course

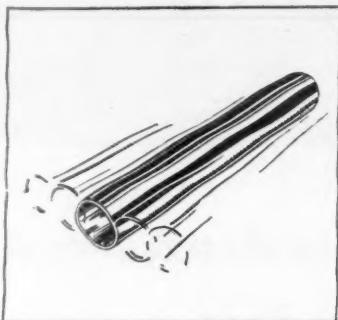
vibration is but one of many factors that can affect the length of service of condenser tubes, but in this case it was evident that it was the most important, being responsible for the greatly accelerated rate of corrosion.

Putting the palm of the hand on that condenser, the good old method of testing for vibration, proved nothing, because nothing could be felt. It took a well-equipped laboratory many miles distant to discover that the tubes in that condenser vibrated. That the diagnosis was correct was proved by the fact that after changes were made to reduce the vibration that only the

tubes could feel, tube life became normal.

Revere is always glad to do work of this kind. It is part of our obligation to customers and indeed to industry as a whole, since our collaboration is offered to all users of non-ferrous metals. This policy is by no means unique with us. Pro-

ducers of materials in every industry maintain laboratories and staff them with scientists, technicians and engineers. No matter what kind of materials or machines you buy, remember that the manufacturers of them will take a lively and skilled interest in any problems encountered in their use. I suggest that you need not and indeed should not hesitate to seek scientific help from your industry's suppliers, because they know so much about their materials and are as interested as you are in seeing that they are correctly used and give satisfactory, economical results.



Donald Dallas

Chairman of the Board

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counting on a double-entry bookkeeping basis. The result is a clean set of books with expenditures on one side offset against receipts on the other for each segment of the economy.

• **No Balance Sheet**—The parallel with corporate accounting isn't complete, however. The main hitch is that social accounting as yet has nothing to correspond with the asset accounts that every business carries on its books. Consequently, although it can render an income statement, it cannot make up a balance sheet. One of the main jobs that the experts will be tackling from now on will be the problem of constructing asset accounts to match the national income estimates.

Plenty to Choose From

There is a lot of *real meat* for businessmen of all varieties in the **National Income Supplement** to the Survey of Current Business, just published by the Dept. of Commerce. Here are a few of the 50-odd statistical tables it includes:

- Sources and uses of gross savings, 1929-1946.
- Consolidated business income and product, 1929-1946.
- National income, by legal form of organization, 1929-1946.
- National income, by industrial origin, 1929-1946.
- Wages and salaries, by industry, 1929-1946.
- Income of unincorporated enterprises, by industry, 1929-1946.
- Net corporate dividend payments, by industry, 1929-1946.
- Undistributed corporate profits, by industry, 1929-1946.
- Number of full-time equivalent employees, by industry, 1929-1946.
- Number of active proprietors of unincorporated enterprises, by industry, 1929-1946.
- Corporate sales, by industry, 1929-1946.
- Personal consumption expenditures, by type of product, 1929-1946.
- New construction activity, 1929-1946.
- Expenditures on producers' durable equipment, by type, 1929-1946.
- Net change in business inventories, 1929-1946.
- National income by distributive shares, quarterly, 1939-1946.
- Gross national product or expenditure, quarterly, 1939-1946.
- Disposition of personal income, quarterly, 1939-1946.

The supplement is available from the Superintendent of Documents, Washington 25, D. C., or from Dept. of Commerce field offices. Price is 25¢ by check or money order, payable to Treasurer, United States of America.



BUSINESS WEEK REPORTS TO EXECUTIVES ON —

THE NEW AMERICAN MARKET

Every region of the United States received a stimulating shock from its participation in World War II.

Business Week reveals the impact made on the Southwest in the fourth of a series of regional reports on the New American Market. Shifts and trends are enumerated and explained. Much statistical data could not be carried in the confines of the report. So they appear only in a supplement to report reprints.

Next month: New England.

NO. 4 THE SOUTHWEST



During the war years and since, the Southwest has been touted as an up-and-coming region. That's no mistake.

But a bundle of prosperity was not dumped at the door for the Southwest to pick up and hug to its bosom. It took a lot of doing to make things happen as they did.

And so, the Southwest stands out as the region with the greatest changes, all linked to a farm exodus.

• Its population change is largely a shift from farm to

city within the region—not from the outside, in nor from the inside, out.

• Its income change is more striking if you look at the parts instead of the whole. Its farm income did not do as well as the rest of the country. Its nonfarm income did better. Its per capita income rise was abnormal.

• Its agriculture put on a performance which was not exciting. Receipts from marketings didn't go up quite as much as they did elsewhere. Nor did production. But internally, agriculture was in the throes of a revolution—mechanization was sweeping along while tenants and sharecroppers were disappearing.

• Its nonfarm activity was dramatized largely by the new chemical industry. But industrial growth in other directions is easily missed. Further, the Southwest got a lift in its nonfarm sector from great government activity.

Only two examples need to be cited to make it unmistakably clear that the regional story of 1939–1947 is not a simple thing to recite.

(A) Southwest income went up a little more than the U.S. (145% for the region from 1939 to 1946 vs. 130% for the nation). This seems to check with the over-all

economic picture, which is one of greater improvement in the Southwest than in the U. S.

But the income conformance is only accidentally right. For two unusual government income factors went in opposite directions. (1) Southwest income was *hurt* because payments to farmers not to plant were lost. (2) Southwest income was *helped* because thousands of troops were put in the region. Net result was that the minus government factor was more than balanced by a plus. So total income went up a little more than in the U. S.

(B) What happened in the Southwest from 1939 to 1947 is not a sing-song of up-up-up. There are three major parts into which the 1939-1947 happenings have to be cataloged.

(1) From 1939 through early 1942 Southwest income lagged behind the nation as a whole. Industry picked up elsewhere. Cotton prices, important to the region, were held back due to the overhanging surplus.

(2) From early 1942 until the peak of wartime activity, Southwest income shot ahead of the U. S. because of the terrific boost in government (military) income, helped along by industrial growth and other lines.

(3) Then, from 1944 to 1946, Southwest income slowed down relative to the U. S. as the government factor began to play out and the wartime industrial boom started to shrink.

Such variations in the income trend have similar, yet different, counterparts in sales. When the entire 1939-1947 period is looked at as one piece, however, it is apparent that the Southwest has a considerably improved market situation as compared with prewar.

The Southwest's economic hide however is as spotty as a leopard's. Conditions were best in the coastal coun-

try, in the large inland metropolitan areas, and some farming regions. When a Texas salesman griped because 10 of the 26 counties in his territory were losing ground, a friend pointed out how much better things had become in the other 16.

Because of this spottiness and because of its uneven economic pace and because of the peculiarities of its income composition, the region is better understood if you are acquainted with what went on there before the war. Also, a summary knowledge of the region's basic economics is desirable.

So, let us look at the Southwest with a longer perspective.

HISTORY AND MAKEUP

The Southwest, first and foremost, is a prodigious producer of raw materials. This production is spread over the animal, vegetable, and mineral kingdoms.

More than 100 kinds of Southwest products are sold on an appreciable commercial scale. Oil, natural gas, salt, and sulphur are the richest natural resources. Southwest farms yield abundant harvests of cotton, wheat, grain sorghums, rice, citrus fruits, winter and spring vegetables. Off the plains come beefsteaks and lamb chops.

This production of basic materials is primarily the business of the Southwest—even though there is an increasing percentage of these being processed there.

Basically though the Southwest is still trading raw goods for finished goods. The two principal products—cotton and oil—have run two entirely different courses.

The Cotton Story

For decades, cotton was the principal commodity of the Southwest as well as the Southeast. In fact, for a long time, there was a steady increase in production west of the Mississippi River and a steady decrease in production east of the river. In 1929, the Southwest share of the U. S. crop was 49.3%.

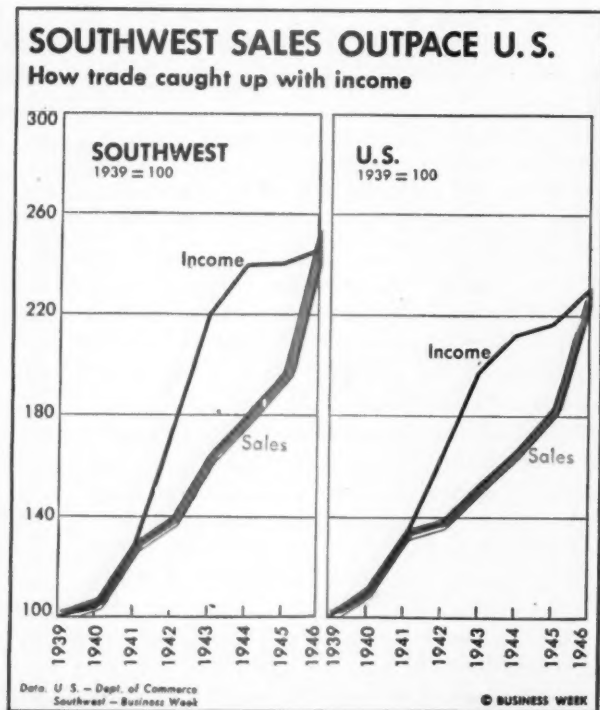
Finally the pendulum began to swing back. A shift from cotton started in the Southwest—by 1946, the Southwest share was down to 41.9%. Other farm products came into more prominence.

But the proportion of farm income due to cotton dropped from 46% to 27%, in the 1929-1939 period. It fell further to 17% in 1945.

So, there has been a continual shift out of cotton into livestock, feed for livestock and other crops.

Meanwhile, the farm revolution was evident in other ways. Tractorized farms rose from 17.2% to 31.7% in the Southwest vs. a gain from 25.8% to 41.3% in the U. S.

As mechanization gained momentum, its effect was felt on the number of farms and farmers. The Southwest's share of U. S. farms dropped from 16.4% to 15.5% from 1940 to 1945. Meantime, its share of U. S. tractors climbed from 11.0% to 11.9%. During the last 15 years of declining cotton production, the number of tenants and sharecroppers diminished.



SOUTHWEST INCOME PUSHES AHEAD OF U.S. INCOME

Southwest draws more income from farms, less from nonfarm activities . . .

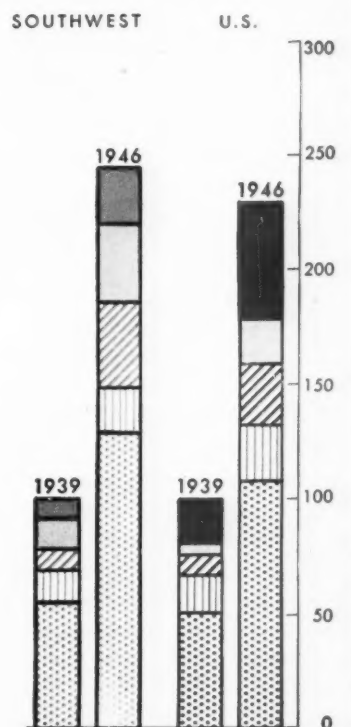
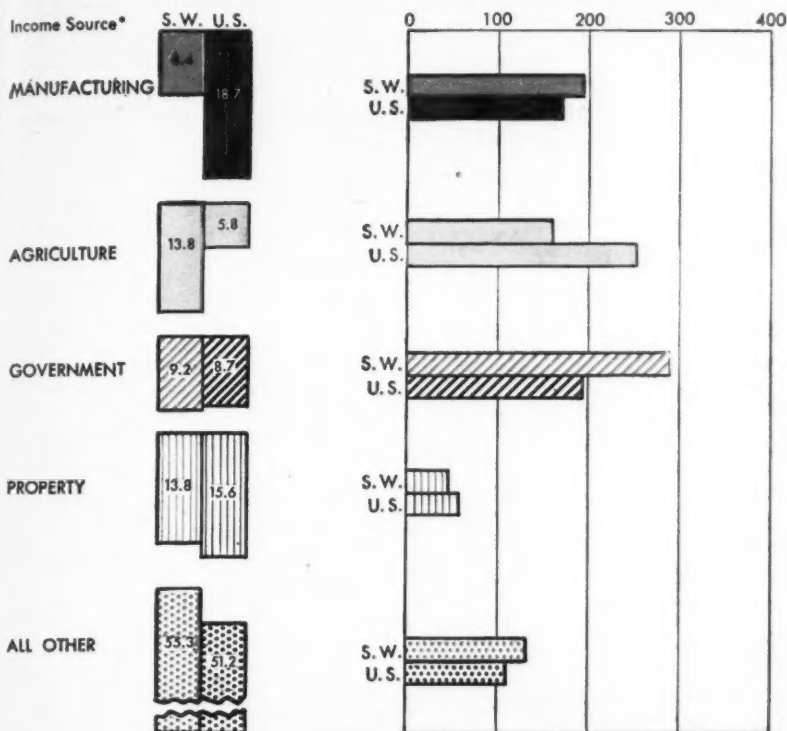
Its farm income went up less than the U.S., but its nonfarm income went up more . . .

Result: Its total income went up a little more.

(Type of income as percent of total, 1939)

(Percent gains, 1939 to 1946, by type of income)

(1939 total income equals 100)



*Manufacturing: payrolls only; Government: civilian and military pay, plus allotments; Agriculture: farm proprietors; Property: rents, dividends and interest; All Other: income from trades, services, utilities etc.

Date: 1939—Dept. of Commerce
1946—Business Week

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The cotton shift played an important part in forcing people off the farms and into cities. Before the war this displacement of farm population had begun to clutter the Southwest economy. Some of the farm refugees congregated in shack villages. Some of them became the celebrated Okies who moved out of the region looking for new places to light.

When the war began, another population shift occurred. Most of the shift this time was from farms and rural towns to the region's own industrial cities. In Texas alone about 500,000 people moved in this flight from the farm. As a result, Texas has, for the first time, a population that is more urban than rural. For the entire Southwest, the migratory population ran about 900,000.

Populations of cities skyrocketed. Corpus Christi doubled from 1940 to 1946; Dallas and Fort Worth racked up gains of 45% and 41% respectively. New Orleans, the region's largest city, went up 13%. Houston, largest in Texas, rose a quarter.

The Oil Story

While the importance of cotton in the Southwest was going into a steady decline, another great commodity—

petroleum—was bulking much larger in the economy.

Early prominence of Ohio and Pennsylvania and later of California as oil states was eclipsed by Texas in the late twenties. Neighboring states of Louisiana and Oklahoma share in the wealth of black gold.

The Southwest produces 64% of all U. S. oil. Output gained 39% in the region vs. 35% for the rest of the U. S. from 1939 to 1946. Texas and Louisiana were up over 50% in that period (Texas, 57%; Louisiana, 53%). Meanwhile, Arkansas production went up 35% but Oklahoma was down 15% in the war and postwar period.

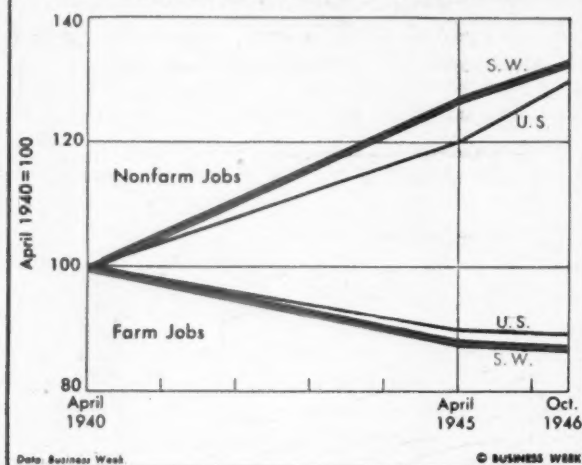
Pumping oil out of the ground has been a bonanza for the Southwest. From this enterprise have come the spectacular fortunes of the region. Oil money has built most of the skyscrapers in Dallas, Tulsa, Oklahoma City, and Houston as well as the Southern and Colonial style mansions of the oil barons. Oil is responsible too for the astounding sight of a lone skyscraper in Midland, a small city set in the middle of a Texas prairie.

Oil lies under all the region's income breakdowns. Royalties appear as property income; refiners' wages show up in manufacturing payrolls; and the drilling and pumping operations come in under "all other" income.

A profitable byproduct of the petroleum wells which

SOUTHWEST JOBS SHIFT

Farm jobs down more, nonfarm jobs up more



was lost at first is natural gas. When the gas was finally captured and moved through pipelines, the region's resources became greater by far. Not only did the gas prove to be a salable item wherever it was transported but it also became valuable for local industrial use.

Petroleum and natural gas became the famous twin attractions for a new Southwest industry—the chemical.

Of course, the Southwest has a considerable distance to travel before it can lay claims to being a great industrial empire. (Only 4 out of every 100 Southwest residents work in factories; the ratio is nearly 11 out of 100 for the nation.) But its beginnings in that direction present a challenge that an oil and gas foundation—plus a supply of other materials such as sulphur—can support a whopping new industrial community.

However, these wartime shifts have not yet altered the basic Southwest picture. It is still essentially a rural, extractive economy rather than industrial. This is emphasized by its 1940 occupational breakdown, contrasted with the U.S. (job groups as percent of total employment):

Group	S.W.	U.S.
Professional	6%	7%
Nonfarm proprietors	9	9
Clerks, etc.	14	18
Skilled workers	8	11
Semiskilled workers	13	20
Unskilled workers	30	24
Farm proprietors	20	11

WAR AND POSTWAR

When Hitler began blitzkrieging in 1939, the Southwest got a delayed reaction from it. Plane plants on the Atlantic and Pacific coasts had no counterpart in this region to share their early war orders. It was pretty much the same way with shipbuilding and everything else. So, industrially, the Southwest got off to a slow start.

It wasn't until Uncle Sam got embroiled in World War II that the Southwest began to climb. When it started climbing though, it put on a regular Jack-and-the-bean-

stalk performance. Uncle Sam gave it plenty of impetus. As the Army began its training program, it spotted much of this activity in the Southwest. The Army had been there before so it knew the advantages for concentrating flying fields and camps in this region.

In Texas, Kelly Field and Randolph Field on the edge of San Antonio and the U. S. Naval Air Training Base at Corpus Christi, and the El Paso Army Air Base soon swarmed with fledgling pilots. Fort Smith, Arkansas, and Fort Bliss (near El Paso) housed thousands of khaki clad trainees. In Louisiana, Barksdale Field and the Shreveport Army depot boomed too. Cantonments, bases, and depots brought boomlets to a host of smaller towns and cities.

Actual entry of the U. S. into war made brass hats in Washington shiver as they noticed their plane plants clustered on the two seaboards. Soon a plan was formulated which spotted big bomber plants in the interior—Ft. Worth (Consolidated), Dallas (North American), Oklahoma City and Tulsa (both Douglas), were on the list.

Other war industries followed—the synthetic rubber plants at Baytown, Port Neches and Borger, the Higgins boatbuilding at New Orleans, Todd shipbuilding at Houston and Galveston, ordnance and bauxite plants, etc. Demand for oil and aviation gasoline was terrific.

Factory jobs and payrolls went up more percentage-wise than in the U. S. generally. So did government pay and jobs. So did "other" pay and jobs.

Population went up a bit less than the U. S. rate from 1939 to 1946—4% vs. 7%. (On long-range growth, the region's share rose from 8.9% of U. S. total in 1900 to 9.9% in 1910, to 10.0% in 1920, to 10.3% in 1930, stayed at 10.3% in 1940, and fell to 10.1% by 1946.) The influx of soldier trainees gave the region a temporary population boost; in 1943, the peak was 10.5%.

Total labor force in the Southwest did not keep pace with the U. S., but only because of the farm factor. The farm revolution reduced farm employment here a bit more than in the U. S. (87% vs. 89% from 1940 to 1946). As farm employment was more important to start with in the Southwest, any decline in it naturally means more.

All other components of the labor force—self-employed, manufacturing, government, and other workers—gained more than in the U. S. This was true both at the war peak and at the close of 1946.

PROSPECTS

Any attempt to forecast the trend of business and income in the Southwest must be held in abeyance until a few soundings are taken.

What is likely to happen to cotton? To other agriculture? To petroleum? To other industry? For the answers to these four questions will determine the number of people and amount of spendable income they will have.

Cotton—This farm commodity has bumped into a new and lively competitor in the past decade—rayon. Because of price competition with rayon, complete mechanization of cotton farming is necessary—so say the region's experts.

They point out that cotton is well mechanized already in regions where it is adaptable so far as planting and

cultivating is concerned. The next step is mechanical cotton picking—the first machines are just beginning to reach plantations.

A switch to other crops is necessary in those parts of the Southwest where cotton won't pay. That's being done.

Recent experience leads Southwest cotton men to believe that there will be no labor displacement problem created by further mechanization. They say it has been a tough job to get pickers. It's seasonal work, of course. Farm hands are fewer than ever and naturally those who stay on want full-time work.

Other Agriculture—The conscientious effort of many Southwest farmers to get out of cotton and into other crops is making a definite trend.

Farmers growing wheat now say they're going to stick with it. Production in Texas, Oklahoma, New Mexico was pushed up to 151,000,000 bushels last year, accounting for 24.7% of the U. S. crop vs. 12.0% in 1929 and 14.5% in 1939. They have a bumper crop this year.

Grain sorghums, grown in all five states, increased from 55,600,000 bushels in 1939 to 84,000,000 bushels in 1946.

Crop diversification and soil conservation is being plugged hard in the Southwest. A determined effort is being made to make the region's agricultural economy a high income producer. Texas Power & Light Co., for example, recently added a soil conservation expert to its staff in order to aid farmers in its territory to improve their practices.

Oil—The demand for oil, natural gas, and oil and gas products is continuing strong.

Not satisfied with the oil resources under the earth, oil companies have started to explore the resources' potential under water. What they are interested in is the petroleum believed to be lying below the coastal waters lapping the shores of Texas and Louisiana.

This year the Texas legislature passed a bill extending state authority over the entire continental shelf (which is about 400 miles long and extends 65 to 100 miles).

Boat fleets were out in swarms early this year doing geophysical work. This was halted temporarily at least by the U. S. Supreme Court decision in June asserting federal jurisdiction over all tidal lands.

If the state somehow regains control, it will probably put up tracts for lease. This would open up the area for development. One estimate, for what it may be worth, is that there is as much oil in tidelands as in the mainland—if true, the region's oil resources would be stupendous.

Other Industry—It is not the bigness of other industry that is impressive—far from it. It is chiefly the potential bigness that merits attention.

In today's age of chemistry the birth of a synthetic chemical industry in the Southwest is most timely.

Raw materials and a good fuel supply drew to the region such big chemical plants as Southern Alkali at Corpus Christi, Dow Chemical at Freeport, Shell Chemical at Houston, Monsanto at Texas City (which was destroyed in the April, 1947, disaster but will be completely rebuilt).

SOUTHWESTERNERS PROPHECY

Business Week asked Southwest business leaders in all fields to tell us what they think business will be like in their region. Their answers to our questions follow:

Asked of:	Question:	% Yes	Question:	% Yes
1. All	Do you feel that business activity in the Southwest in 1947 will be better than in 1946?		In 1950 than in 1946?	
2. All	Do you think that the Southwest will do better than the U. S. generally in 1947 compared with 1946?		In 1950 than in 1946?	
3. All	Do you think Southwest industry and commerce can absorb the farm labor to be displaced by mechanization of cotton farming?		Will this "cotton revolution" help trade?	
4. General*	Do you think export trade to South America is an important factor in the Southwest business picture?		Do you think it will be?	
5. General*	Do you look for any major new industries from the war to swell Southwest growth?		Any new postwar industries?	
6. Manufacturers	Do you expect Southwest natural resources—oil, gas, power—to provide a base for major industrial growth?			
7. Merchandisers	Has the Southwest's unusual gains in incomes per person encouraged new ventures in consumer trades and manufacturing?			

*Includes Banks, Advertising Agencies, Newspapers, Public Utilities.

Better than four out of every five men of management feel that the region will fare better this year and also in 1950 than it did last year. And they feel just as strongly that the Southwest will do better than the nation generally.

Almost everyone expects great gains industrially. Manufacturers themselves foresee special growth founded on Southwest natural resources. Merchandisers agree that per capita income gains have helped local industry.

Far from fearing farm mechanization, the region's business men look forward to gains arising from it. And they expect export trade to become an important factor in future regional expansion.

Data: Business Week.

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The war, of course, hastened the chemical growth. Butadiene and styrene were needed for synthetic rubber manufacture. Toluene was needed for making explosives. Since petroleum hydrocarbons are the raw materials for these chemicals, it was only natural that facilities for making these war products were placed near the principal raw material source—the oil wells and refineries of the Southwest.

So that accounts for the large investment by Uncle Sam in Southwest chemical plants during the war.

Private enterprise took over the government-financed plants after hostilities ceased because peacetime uses for them were obvious. Lion Oil Co., for example, is operating the former Ozark Ordnance Works at El Dorado, Ark., as a nitrogen fertilizer plant.

Postwar plants include the du Pont nylon salt factory at Orange, the Celanese Corp. plant at Bishop, expansion

Where Southwest Dollars Go

Southwest market patterns differ from national ones in several ways. This is largely because it is a more rural region—despite the great wartime rural-urban shift which now gives Texas cities (over 25,000) more than half the state population.

Thus, income per person (after taxes) is still but three-fourths of the U. S. level, as against only two-thirds of it in 1939. Real incomes are lower in the Southwest. But part of the statistical difference reflects lower costs of living in rural sections.

The region's share of U.S. retail sales is 8.3% vs. a 7.3% proportion of gross income. Less taxes are paid and less savings made on lower incomes. And fewer dollars go to rents and services.

Of the retail dollars, fewer go to fuel, apparel, and similar lines in this warm land. More go into autos and gasoline to cover its great spaces. More go into goods for new homes in its growing cities. Here's the 1939 sales breakdown (as percentage of the total):

	U. S.	Southwest	Difference
Food	24.2%	25.6%	+1.4%
Eating & drinking.....	8.4	6.2	-2.2
Gen. merchandise	13.5	12.9	-0.6
Apparel	7.8	6.2	-1.6
Drug stores	3.7	4.7	+1.0
Filling stations	6.7	8.3	+1.6
Automotive	13.2	17.3	+4.1
Bldg. mat. & home furn.	10.6	12.7	+2.1
Other (feed, etc.).....	11.9	6.1	-5.8

In this more rural region, quite naturally less trade is done by chains than in the U. S. (19.8% vs. 21.7%).

Again, reflecting higher birth rates, another rural characteristic, only 8% of Southwest population is over 60 years vs. 10% in the U. S., whereas 35% is under 18 as against 32% in the U. S.

of Shell's facilities at Houston. Commercial Solvents plans to build a \$20,000,000 plant on the Gulf Coast to process hydrocarbons; Shell Chemical is going to put up a \$7,000,000 synthetic glycerin plant; Diamond Alkali has a new plant building on the Houston ship channel, and so has Rohm & Haas Co.

Output of the chemical industry in the Southwest had a dollar value of \$700,000,000 in 1946. However, only about 32,000 persons were employed there last year.

Hope of the Southwest to become a great industrial area lies with the future possibility of adding industries that will process the basic chemicals.

In other lines, the Southwest has a minor share of the nation's manufacturing. Steel and steel products, for example, have barely made a start with about 25,000 workers in 1946. The Lone Star plant at Daingerfield, Tex., is capable of producing only 400,000 tons of pig

iron a year. The Sheffield steel plant at Houston has a capacity of 466,000 tons of steel ingots. All told, the region's share of all U. S. iron and steel jobs rose from 1.1% in 1939 to 1.9%.

Airplane manufacture is not nearly as large in the Southwest as on the Pacific Coast. But the war stimulus has not subsided completely. And the Consolidated plant at Fort Worth is running at a good peacetime rate. Luscombe, Southern, Spartan, and North American are also in the field.

The region's share of all U. S. jobs in manufacture of transportation equipment—which includes shipbuilding—has shown the greatest single change—from 0.8% in 1939 to 2.7% in 1946.

Textile and apparel fields are providing more income and employment than ever before. The principal center is Dallas, which is coming to the fore as a sportswear producing spot. San Antonio, New Orleans, Austin, and El Paso are other textile-apparel cities.

Here is the industry-by-industry lineup which shows factory job gains in the Southwest for major groups:

	April 1940	Oct. 1946	% Gain
	(Thousands)		
All manufacturing	351	578	65
Durable	137	256	87
Metals (steel, etc.).....	16	42	162
Machinery & eqpt.....	23	76	230
Lumber	65	90	38
Other	33	48	45
Nondurable	215	322	50
Textiles, apparel	31	51	65
Foods	89	119	34
Chem.-oil-rubber	58	99	71
Other	37	53	43

WITHIN THE REGION

The greatest wartime industrial boom in the region happened in the region's and the nation's largest state—Texas. Why?

Most likely reasons are (1) greater production of raw materials, (2) the wide open spaces affording safety in wartime dispersion of industry, (3) the large number of deepwater ports (Beaumont, Port Arthur, Port Neches, Orange, Houston, Galveston, Texas City, Freeport, Port Aransas-Aransas Pass, Corpus Christi, Port Isabel, and Brownsville), (4) the strength of the state congressional delegation with great influence in Washington on war spending.

Expansion of industry was particularly fortunate for Texas. It had a larger number of tenant farmers who had been displaced or were on the verge of displacement than any other cotton state. These displaced people have been absorbed largely by manufacturing industries. Texans hope it will be a permanent solution.

Texas did better than the region on income gain. While the Southwest income rise from 1939 through 1946 was 145%, that for Texas was 150%. Texas population rose about 10% compared with a 4% regional gain.

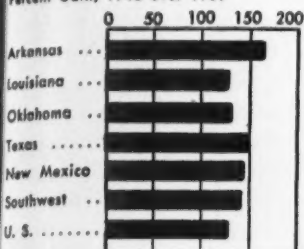
In 1939, Texas factory jobs were 24% of population;

RANGING OVER THE SOUTHWEST CIRCUIT

A breakdown of the Southwest market and of the changes in it since before the war

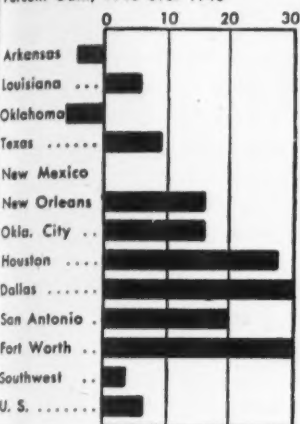
INCOME

Percent Gain, 1946 over 1939

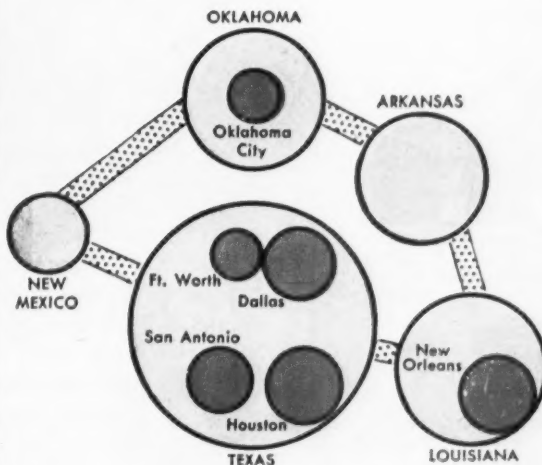


POPULATION

Percent Gain, 1946 over 1940

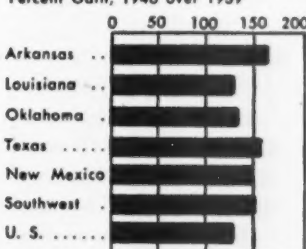


DISTORTION MAP
BASED ON 1946 POPULATION



SALES

Percent Gain, 1946 over 1939



MFG. EMPLOYMENT

Percent Gain, 1946 over 1940*



Data: Business Week

*April, 1940; October, 1946

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In 1946, they were 4.5%. From 1940 to 1946, the percentage gain was 78% compared with a 65% regional gain.

Inside Texas there are distinctly different reasons for gains by major regions. The Panhandle has been and is riding high on bumper wheat crops and high prices. The ranching areas of middle west and southwest Texas are having beef prosperity. Central and south central areas are benefiting from high cotton prices. The east Texas timber belt has prospered from the lumber demand. The coastal area is the largest beneficiary of growing industry.

Houston's growth is evidenced by its changing skyline. Commercial building under way in 1947 includes such projects as the 24-story City National Bank skyscraper, the new \$10,000,000 Foley Brothers department store, and the McCarthy Center (built around the new 1,000-room Shamrock Hotel).

For the first three postwar years, Houston has scheduled a construction program totaling \$568,000,000 for industrial, commercial, residential, and public building.

Petroleum is the core of Houston's hustle. Humble, Shell, Sinclair, Crown Central, and Texas Co. are the big names in oil refining. Houston is equally prominent in oil field machinery with Hughes Tool, Reed Roller Bit, Emsco Derrick, and Cameron Iron Works.

Dallas, as Houston's chief rival for first place as the

leading Texas metropolis, is bulging with building too. But not so much as Houston. Its boldest venture is a planned 47-story hotel for Rogers Lacy, Texas oil man.

Dallas Cotton Mills and Texas Textile Mills in the textile field are over-shadowed by a cluster of apparel producers including Nardis Sportswear, Justin McCarty, Lorch, and Vanette Hosiery. Oil, of course, has held top position ever since the east Texas field discovery.

Dallas grew in wartime not only industrially but in trade, services, and government fields. Nearly 10,000 government workers were employed in wartime. Wholesaling, finance, and branch offices continue to expand.

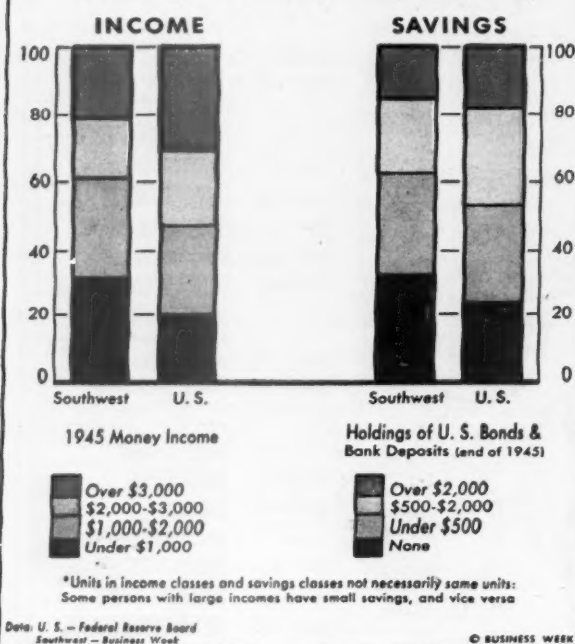
Next to Texas, Louisiana had the most abrupt economic shakeup due to the war. Troop training, war industry, and war shipping were responsible.

Its wartime income gain—129%—surprisingly was below the region's rise of 145%. As in Texas, the military training program boosted population temporarily. Its 6% over-all gain since 1940, while ahead of the region, is in line with the U. S. average. But it had above-average factory and government employment gains. Louisiana agriculture, however, lagged farthest behind Southwest and U. S. gains, and this is why its income fell behind the region. The farm revolution exacted its greatest toll here.

New Orleans attracted many of the southern Louisiana

INCOMES, SAVINGS BELOW PAR

Percent of all spending units,* by income and savings class



farm people while others crossed the state border to Texas gulf cities seeking war jobs.

New Orleans' wartime industrial growth was mainly in shipbuilding and repair. Here are Todd-Johnson Dry Docks, Pendleton Shipyards, Avondale Marine Ways, Gulf Engineering, and Dixie Machine as well as a U. S. naval repair base. Aircraft and ordnance also came in.

Since the war, the Crescent City has been putting its steam behind its port and development of world trade.

Northern Louisiana benefited from war plants located chiefly in Shreveport and Monroe. Louisiana's 10-year tax exemption plan has proven magnetic enough to draw some new industries to the state.

Arkansas performed well because its farm income is so big in the total. Its income gain from all sources was 167%, highest in the region. While it didn't rise as much as the U. S. in farm income, it did better than the Southwest in that respect. And, as Arkansas farm income rose much more than other income types and accounted for one-fourth of all income in 1939, its big weight boosted the total.

Most of Arkansas factory job gains of 25,000 were in lumber and food. However, its "All for Arkansas" industrial keynote has attracted such companies as American Can, Dixie Cup, Minnesota Mining & Manufacturing Co., Chrysler, and U. S. Time Mfg. Co. Bauxite mining drew Alcoa, Reynolds, and American Cyanamid.

As a heavily rural state, Arkansas population dropped 4% from 1940 to 1946. Oklahoma lost even more population—about 6%—with migrants going principally to California and Texas.

Oklahoma farm income, which is of more than average

importance in its income, did very well. The western part of the state is prospering with high-priced wheat for sale.

Industry lagged however in this state, including its oil. So its total income rise was only moderate—132%—about U. S. average. Industry growth in the state has been ballyhooed recently by a special train trip of Oklahomans to the Middle West and East.

Oklahoma City and Tulsa continued to do well, partly because of oil and the wide trade territories they serve. Oil and gas production, for example, supports a host of services, such as drilling, coring, surveying, and well cementing, even as state production declines.

New Mexico made the least sensational changes in the five-state region. Its population stayed about the same. It did as well as the region though in income rise, mainly because of agriculture. Its prosperous condition today is caused by the high price of beef cattle and increased tourist trade.

While the Southwest's gain in total gross income from 1939 to 1946 was 145% versus 130% for the U. S., the per capita income increase was even better. For the Southwest, it was up 135%; for the U. S. 116%.

The per capita income performance by states:

	Per Capita in 1939	Income in 1946	% Gain Over '39	1946 as % of U.S. Average
Arkansas	246	681	177	59
Louisiana	354	759	114	65
Oklahoma	340	840	147	72
Texas	401	913	128	79
New Mexico	341	822	141	71
Southwest	357	840	135	72
U. S.	539	1162	116	100

Moreover, the Southwest's gains in net income exceeded those in gross income. U. S. income taxes took only 84% of Southwest gross last year versus 11% of the nation's. As a result, retail sales bettered the U. S. gain over 1939 by 149% versus 130%.

Adding up the income, population, and tax changes, Southwest income per person, after taxes, moved up from 66% of the U. S. average in 1939 to 74% in 1946!

That shows an increased market richness. It reflects the Southwest's whole economic development—its farm revolution, its industrial growth, its rural-to-urban shift. It is epitomized by a rapid influx into Southwest middle-income brackets. It sums up the Southwest's changed role in the New American Market.

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PRODUCTION

Diesels on the Assembly Line

Manufacturers seek to improve oil engines' competitive position by adapting them to mass production. Improved designs permit manufacture on same line with gasoline engines.

Diesel engine manufacture is going on a mass-production basis.

• **Wider Market**—To the diesel builder, mass production and its attendant economies mean opening up a mass market.

Part of the cost differential between the diesel and its mass-produced competitor, the gasoline engine, occurs because certain diesel components are inherently more expensive than their gasoline counterparts (fuel injectors cost more than carburetors). But the big reason for higher initial cost has been relatively small production. Until recent years, demand was not great. Result: Diesels were produced by slow methods.

• **Dilemma**—Thus diesel manufacturers were caught between the horns of a

dilemma. Large-scale users could afford the investment necessary to obtain diesel economies. But it's the little fellows who make up the mass market. And although they appreciated the potential savings with diesel power, they couldn't stand the high first cost. So they bought gasoline engines instead.

The potential market was there, but the product was too expensive.

To tap that market, price had to be lowered first. Now the mass-production techniques are being applied to diesel manufacture in various ways:

Continental Motors Corp. began making diesels only a year ago. It now turns them out on the same line with gasoline engines. The engines are iden-



IT'S ALL A FAMILY MATTER

Small boys are game any day to take a look at big machinery—the bigger the better. And when pop or someone else in the family is at the helm, their interest is unbounded. Rheem Mfg. Co. has joined the growing ranks of companies that are finding family interest valuable to build employee morale. At a series of open houses, Rheem welcomes both stockholders and employees' families, shows them the works. There's nothing phony about the guests' response—witness young Leroy Herben (nearest camera) as he watches his uncle, Wilbur Wade, check on the operation of a gas water heater at South Gate, Calif.



LOVELY LADIES CAN SNIFF IN COOL COMFORT

An exclusive New York perfume shop, upon installing an air conditioning system, advertised that "lovely ladies can now sniff in cool comfort."

It was an effective advertisement because lovely ladies, and men as well, prefer air conditioned surroundings—while shopping, working, or playing—or even while sleeping. Air conditioning has become a popular health and comfort convenience in everything from homes to large auditoriums.

Wagner Electric Motors power many of today's air conditioning systems. They efficiently and dependably answer all demands for continuous, trouble-free performance—whether in a single 5-hp motor or whole batteries of 40-hp Wagners.

Universal in application, Wagner Electric Motors are made in sizes and types for every industrial, commercial and home use.

Should you need electric motors or other products made by Wagner, consult the nearest of our 29 branch offices or write to the Wagner Electric Corporation, 6460 Plymouth Avenue, St. Louis 14, Mo., U. S. A.



ELECTRIC MOTORS - TRANSFORMERS
INDUSTRIAL DRIVES
AUTOMOTIVE PRODUCTS

dependable



THE SEASONED TRAVELER
GOES BY TRAIN

as a telegram



THE ORDERS

WESTERN UNION

CC255 PD OMAHA NEBR 5 959A
ROY ELDREDGE, CHICAGO DIVISION MGR
C A SWANSON & SONS 110 NORTH FRANKLIN ST CHICAGO ILL

MEETING IN PORTLAND NOW SCHEDULED 10 AM MONDAY 23RD
IMPORTANT YOU BE THERE WITHOUT FAIL. SUGGEST MAKING
RESERVATIONS STREAMLINER CITY OF PORTLAND
POLLOCK.

THE ACTION

WESTERN UNION

CC242 PD CHICAGO ILL 5 1055A
CRAWFORD POLLOCK
C A SWANSON & SONS 1202 DOUGLAS OMAHA NEBR

RESERVATIONS MADE ON CITY OF PORTLAND. ARRIVING PORTLAND
8 AM MONDAY
ROY E.

THE RESULTS

WESTERN UNION

CC242 PD PORTLAND ORG 24 530P
MRS. ROY ELDREDGE
6240 WAYNE AVE CHICAGO ILL

BRELL TRIP. GRAND TRAIN. ARRIVED ON TIME. SLEPT LIKE A LOG
SMOOTHEST RIDE EVER HAD. WONDERFUL MEALS. SUCCESSFUL
MEETING AND NICE VISIT WITH SIS. ARRIVING SATURDAY
AFTERNOON ON CITY OF PORTLAND. LOVE
ROY.

- The Streamliner "City of Portland" provides fast daily service between Chicago—Omaha—Portland . . . also stopping at points in Wyoming and Idaho.
- Streamlined Pullman and

Coaches . . . attractive Dining and Club cars . . . barber shop and shower. All cars roller-bearing equipped for restful riding. For real travel comfort, ride the "City of Portland." No Extra Fare!

UNION PACIFIC RAILROAD

tical to a certain point on the line, then are made into one type or the other, as the order specifies. Thus a relatively small number of diesels can be made with mass-production economies.

International Harvester Co. served notice of its intention to become an even greater factor than before in mobile and industrial engines when it bought the Melrose Park (Ill.) war-surplus airplane engine plant two years ago (BW-Dec. 1 '45, p18). Harvester has now designed and tested diesel engines that can be made on the same production line as its gasoline engines, using many identical parts.

The Buda Co. has for 34 years been making a line of engines for gasoline, diesel oil, and butane burning. These are so close in design that any one of the three types can be shifted to either of the others by replacing one set of parts with another set. Buda emphasizes flexibility of type in selling this line, rather than mass-production economies. Other major manufacturers are reportedly making satisfactory progress in the same direction.

Even mass-produced diesel engines will still carry the extra cost resulting from such necessary diesel features as fuel-injection units. But they will escape costs inherent in separate assembly lines and in buying or making parts by the dozen instead of by the thousand. An additional benefit, as output presumably increases in response to lowered prices, should be substantial reductions in costs of such diesel parts as fuel-injection systems.

• **Recent Strides**—The mass-production approach to the problem would not have been possible even a few years ago, when diesel engines differed greatly in design from gasoline engines. At that time heavy weight, slow speed, and relative inflexibility pretty much limited diesels to such installations as electric-power generation and marine propulsion.

But the engineering trend has been to diesels that can take over jobs formally monopolized by gasoline.

• **Six Years' Research**—International Harvester outlined its progress to a recent conference of a group of plant visitors, sponsored by the Diesel Engine Manufacturers' Assn. Harvester's engineers worked on the new diesel designs for six years—to find out the limitations of their idea and to sweat off an average of 20% of the weight.

Next step, now under way, is the production engineering. This consists of planning the manufacturing processes and installing the necessary equipment. Best estimate is that Melrose Park will be operating the combined line in about two years.

• **Half and Half**—The engineering fact basic to the new plan is that many die-

E. R. SQUIBB & SONS

*find
speed... flexibility... and convenience*



In a single operation, and in clear, printed figures, these National Payroll Machines prepare checks showing the gross pay, the specific deductions, and the net pay; also, payroll summary and employees' earning record. Labor cost analyses can also be made.

... with their National Payroll Machines in preparing their payrolls for some 5,000 employees.

This world-famous pharmaceutical house reports:

"Our operators have attained a posting speed that averages 120 per hour, which is rather exceptional for the posting of payroll, considering the number of calculations involved in payrolls, today.

"The flexibility of the machines allows us to supply our employees with pertinent data that most individuals are vitally interested in... the posting of an employee's earnings to date, his withholding tax to date, and his F.I.C. to date... This allows the employee to know his exact status with the Government each week upon receipt of his pay.

"Our operators say that they like the convenience of the keys and the ease of working the National Payroll Machine. No standing up to replace each individual record, nor unnecessary reaching or stretching."

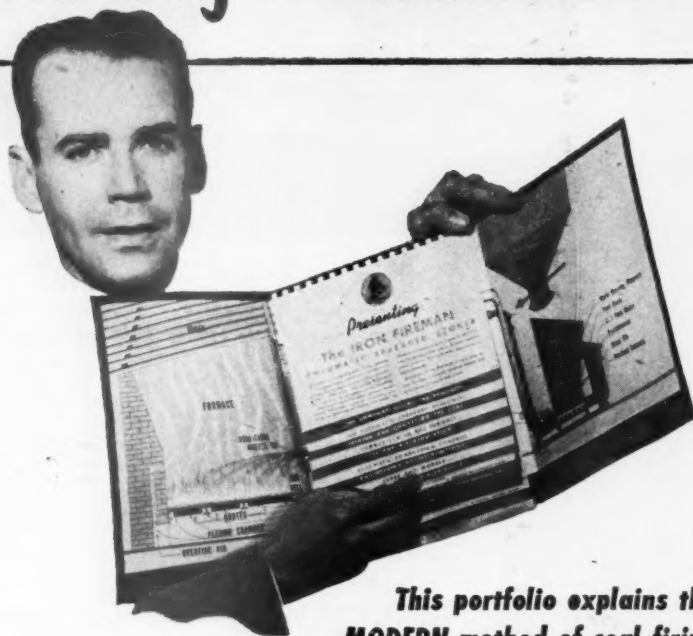
Your local National representative will demonstrate. Or write to The National Cash Register Company, Dayton 9, Ohio. Offices in principal cities.

National

CASH REGISTERS • ADDING MACHINES
ACCOUNTING MACHINES

The National Cash Register Company

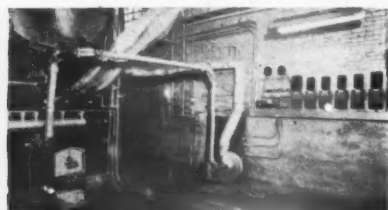
Here's information you need on Cutting Steam Costs



**This portfolio explains the
MODERN method of coal firing**

● In the production of steam a man can be old-fashioned in *two* ways. One of these is wasteful hand-firing, which ceased to be necessary years ago. The other old-fashioned firing method is the use of out-of-date, inefficient stoker equipment. Such stokers represented a distinct advance when installed, but result in high-cost operation by today's standards. It will cost you nothing to compare your present firing method with modern Iron Fireman firing, which has brought new fuel economy and operating efficiency into boiler plants from coast to coast.

IRON FIREMAN SAVES \$9,600 YEARLY



We would like to send you a portfolio on Iron Fireman Pneumatic Spreader stokers. Here you will find this modern stoker fully described and illustrated. Also included are miniature blueprints, photographs and operating results for actual installations, each in a different type of industry or building.

It will pay you to get this 32 page portfolio, sent gratis. Write Iron Fireman Manufacturing Company, 3162 W. 106th St., Cleveland 11, Ohio. Other plants in Portland, Oregon; Toronto, Canada. Dealers everywhere.

When an Iron Fireman Pneumatic Spreader Stoker with auxiliary wood burning equipment was installed in the steam plant of the Hickory Manufacturing Co., Hickory, N. C., its high combustion temperatures permitted complete utilization of the company's accumulated wood waste (previously a bare 15% had been used), generated all needed power, and eliminated expense of outside power formerly purchased to make up deficiency of hand-fired boiler. Saving: \$800 per month. With hand-firing, the same boiler plant had been able to produce only 50% of the needed power.

IRON FIREMAN



COMMERCIAL AND INDUSTRIAL HEAVY
DUTY STOKERS, OIL BURNERS • RESIDENTIAL
STOKERS, OIL BURNERS, FURNACES, BOILERS

sels and gasoline engines can be identical in their lower halves. The dividing line is the junction between crankcase and cylinder head.

The portion of an engine above the line consists essentially of what might be termed its boiler room: combustion chambers and those parts needed for combustion. Because the combustion processes and the fuels of the two engine types are essentially different, major differences in design persist above the line.

Below the line is the mechanical section. Its function is the same in both types: It transmits to the driven machine the push generated in the upper half of the engine.

Harvester engineers have accordingly designed identical lower halves for diesels and gas engines of similar ratings. They have gone still further by using common parts in the upper sections of both types wherever possible.

● **Three Out of Four**—Thus far, the parts duplication achieved by Harvester is 75%. The principal parts in this class are crankcase, connecting rods, crankshaft, timing gears, and flywheel—plus scores of things like bolts, nuts, and machine screws. Principal parts not identical are cylinder heads, pistons, manifolds, ignition systems, and fuel injector carburetor.

In the factory, a crankcase will start along the assembly line and, for a while, will receive the same parts regardless of which type of engine it is to become. When it reaches a given point on the line, the production order will determine whether it is to be finished as a diesel or a conventional gasoline engine.

● **What's in a Name?**—Harvester calls its product a "conversion engine." Actually this name tends to confuse; all characteristics of convertibility cease once the unit has passed the decisive point on the assembly line.

However, replacement parts that are in common use can be cannibalized from one type of engine to the other.

● **Limited Range**—Not all engines in Harvester's line will be made on the double-duty production line. There is, for example, no demand for gasoline-powered heavy-duty construction tractors, or diesel-powered pickup trucks.

Probable range of the conversion engines will be confined to those sizes where some customers require diesel, some gasoline power. This will include roughly, engines with from 16-hp. to 65-hp. flywheel output.

Besides the Melrose Park production, conversion engines probably will be made in plants at Doncaster, England, and Geelong, Australia. Particularly in Europe, where shipping costs of fuel are an important consideration, the greater output of power per pound of fuel gives diesel an even greater economy advantage than in the domestic market.

MAGNESIUM **IS LIGHTER!**



**35% lighter than aluminum,
75% lighter than steel. Prompt shipment in
semi-fabricated forms!**

Your opportunity to utilize American Magnesium's lightness may lie in a sales-appealing, featherweight consumer product. Or it may be somewhere deep within an industrial machine, like the American Magnesium parts that have revolutionized textile tricot knitting . . . helping to triple machine speeds. **Here are the tubing and permanent-mold castings used in tricot warp beams . . .**

CHANGE-OVER **IS EASIER!**



**American Magnesium makes
available the light-metal experience
of Aluminum Company of America to help!**

The finished warp beams shown are used on machines, as well as for storing and shipment of yarn. They feed more uniformly into machines, require less power, cut shipping and handling costs appreciably. In the change-over to American Magnesium, in either consumer or industrial products, our help in design, in shop practice, in tool design, will short-cut many a problem. *Take your first step toward a bonus in lightness today.* Call your nearest Alcoa sales office, or write **ALUMINUM COMPANY OF AMERICA**, sales agent for American Magnesium products, 1711 Gulf Building, Pittsburgh 19, Pennsylvania.

59 YEARS OF LIGHT-METAL KNOW-HOW

MAZLO
MAGNESIUM REG. U. S. PAT. OFF. PRODUCTS

**AMERICAN
MAGNESIUM
CORPORATION**

SUBSIDIARY OF ALUMINUM COMPANY OF AMERICA



STALINSK: Siberia's first aluminum plant, built during the war, illustrates the shift of Soviet industry to the east.

More Capital Goods Goal of Rebuilt Soviet Factories



MINSK: Workers rush a tractor plant.

The Soviet Union's Fourth Five-Year Plan (1945-50), like the previous ones, stresses capital goods at the expense of the consumer. Also, the Russians are now turning out many products they once imported. The aim: to create a self-sustaining economy.

In rebuilding some 800 state enterprises last year, the Soviet put a strong emphasis on blast and open-hearth furnaces, rolling and blooming mills and similar heavy industries (BW—Feb. 8 '47, p104). The truck output from the five automotive plants greatly outweighs that of passenger cars (BW—Jul. 5 '47, p86).

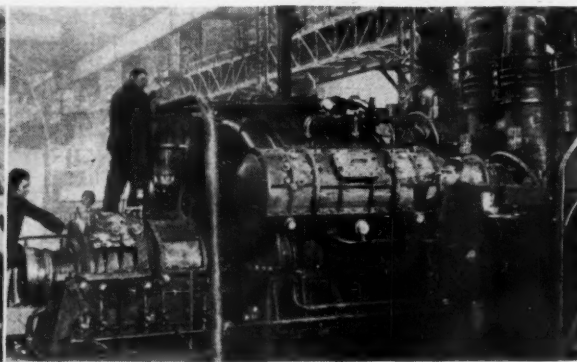
Consumer production goals have also risen steadily since the war, but the government never drops its sights from the real target. Recently, for example, it has attempted to corral more manpower for capital goods industries in remote areas by offering white-collar workers larger food rations if they work in factories.



STALINGRAD: A vegetable oil press.

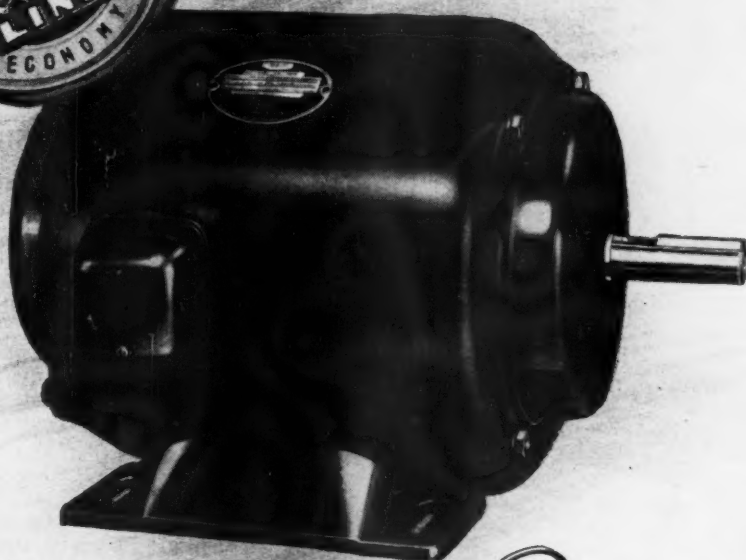


TALINN: Farm equipment ready for shipment.



LENINGRAD: Kirov work's first postwar turbine.

“Truly a
Lifetime
Motor”
©



Depend on
B-Line
®

1/8 TO 30 HP.

Inquiry is invited from manufacturers of motor-driven equipment or quantity users of Motors and Gearmotors Added plant facilities enable us to offer advantages in service and delivery to those interested in quality products. Wire or write for Bulletin No. 5000.

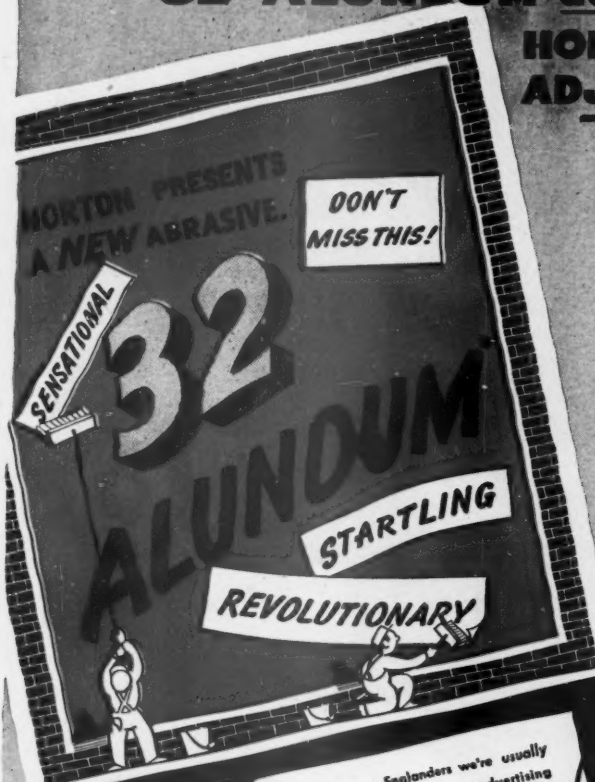
THE BROWN-BROCKMEYER COMPANY

PLANTS AT DAYTON, WILMINGTON, WASHINGTON AND XENIA, OHIO

GENERAL OFFICES, DAYTON 1, OHIO

District Offices in Principal Cities

WE WERE RIGHT . . . 32 ALUNDUM® does need HOLLYWOOD ADJECTIVES



FEATURES OF 32 ALUNDUM®

It is an entirely new type of aluminum oxide abrasive — made differently by a Norton-invented and patented process. Each super-cutting grain is a single crystal — individually produced in the electric furnace — not crushed to size. Each crystal combines a sharp, nub-like surface for fast cutting with a strong grain structure for long life.

BEING New Englanders we're usually pretty conservative in our advertising messages. But here's a new abrasive so radically different, so outstanding in performance, that it really needs Hollywood adjectives to do it justice.

In test after test in the field 32 ALUNDUM® grinding wheels have been truly sensational. They cut faster, cut cooler, last longer and require fewer dressings.

Your production man will want to take advantage of 32 ALUNDUM®.

NORTON COMPANY, WORCESTER 6, MASS.
(The Behr-Manning Division is at Troy, N. Y.)

WHEN we introduced 32 ALUNDUM abrasive last fall we were sure that it was good. Now after nine month's actual use we know that it's even better than we told you. In plant after plant this entirely new, entirely different abrasive is showing truly sensational results. Are you using 32 ALUNDUM grinding wheels?

NORTON COMPANY, WORCESTER 6, MASS.

ABRASIVES — GRINDING WHEELS — GRINDING AND LAPPING MACHINES
REFRACATORIES — POROUS MEDIUMS — NON-SLIP FLOORS — NORBIDE PRODUCTS
LABELING MACHINES (BEHR-MANNING DIVISION: COATED ABRASIVES AND SHARPENING STONES)



HEADS NEW OIL FIRM

The petroleum industry welcomed a new company last week. Cities Service Co. and Continental Oil Co. have jointly formed Citcon Corp. for the manufacture of solvent refined lubricating oils. Burl S. Watson (above), vice-president of Cities Service, is the company's first president; W. Alton Jones, Cities Service president, is its first board chairman.

The parent companies plan to build a \$30-million plant on a 162-acre tract in Louisiana, which they recently purchased from the government. When completed, the plant will have a daily capacity of 6,000 bbl. of oil.

Cities Service owns 65% of Citcon; Continental Oil 35%.

PEACETIME VT FUZE

The principles of the VT Fuze, which did plenty of damage during the war, are used today to prevent damage.

The research laboratory of the General Electric Co. claims that it has the first practical industrial application of the hush-hush military device.

In one of G.E.'s laboratory buildings, red and green lights are visible to people who want to leave offices or workshops. If someone walks down the corridor, the light turns red. Thus a researcher carrying delicate instruments or chemicals from an office knows that if he goes out he may run smack into someone unless the light is green. This prevents accidents and damage to costly equipment.

The lights are operated through a microwave transmitting-receiving unit. Ultra high frequency radio waves bounce back from people in the corridor, cause variations in the current drawn by the transmitter, actuate the red lights.

NEW PRODUCTS

Safe Valve

For Se-co, a packless stem valve, the Security Valve Co., 410 San Fernando Rd., Los Angeles 31, claims two safety features: (1) It cannot freeze in either open or closed position; (2) it cannot be pulled out by turning the spindle past the open position. Result: The chance of accidentally removing the spindle on lines containing high-pressure gases is eliminated.

A brass retaining washer stops upward motion of the spindle at the wide-open position. Since the washer is free to rotate, the spindle cannot become wedged in the open position. In the closed position, downward motion is halted by a Neoprene seat; resiliency of the cushion prevents freezing.

The valve has a forged brass body, full grip hand wheel. It operates on pressures from 1 oz. to 3,500 psi.

Availability: Deliveries start Aug. 1.

Static Brush

A new whiskbroom removes dirt or dust from cloth by static electricity, according to the maker, Modglin Co., Inc., 3235 San Fernando Rd., Los Angeles 41. Called Whisk-off, it is all plastic, from handle to bristle.

Movement of the plastic bristles across the fabric creates a magnetic reaction. This draws dirt from crevices which ordinary sweeping motion cannot reach. The brush can be cleaned in soap and water.

Availability: immediate delivery.

Push-Button Lock

Larmloc is a keyless electric door lock claimed to be pickproof and burglar-proof. It operates on a combination



WOULD YOU PAY 3¢ A DAY TO HAVE A QUIET OFFICE ?

You can think straighter and clean up your work faster when you're free from office noise. That's surely worth more to you than 3¢ a day. Yet 3¢ a day per worker, figured over four or five years, is the average cost of eliminating noise with a ceiling of Armstrong's Cushiontone acoustical tile.

Once you end the clamor of clattering machines, loud voices, and shrill bells, your whole staff does better work. Errors drop, efficiency steps up. This improvement pays for itself fast. Up to 75% of all the sound that strikes the surface of Cushiontone is absorbed in the 484 deep fibrous holes in each 12" square. And not even

repainting will affect this acoustical efficiency!

Armstrong's Cushiontone is a good reflector of light, too. It's easy to maintain, and it provides extra insulation. Your local Armstrong contractor will be glad to prove the economy of a Cushiontone ceiling with an estimate. Call on him.

WRITE FOR FREE BOOKLET, "How to Exterminate Office Noise Demons." It gives all the facts. Armstrong Cork Company, Acoustical Dept., 4707 Walnut Street, Lancaster, Pa.

CUSHIONTONE IS A REG. TRADE-MARK.

ARMSTRONG'S CUSHIONTONE



Made by the Makers of Armstrong's Linoleum and Asphalt Tile

ORTH CAROLINA is a BW advertiser is



W advertiser is a BW advertiser is a

In 1946, under the classification "Industrial Development and Public Utilities, Business Week carried nearly twice as many pages of advertising as any other national business publication, and more pages than any general news weekly.

Because Business Week is read by men who make buying decisions, many of its advertisers are in the "old-timer" class. The North Carolina Department of Conservation has been a regular advertiser for ten years. Other long-time users of Business Week's pages in the above classification include the Indiana Department of Commerce & Public Relations, Kansas Industrial Commission, Metropolitan Oakland Area, New Jersey Council—Department of Economic Development, Pennsylvania Commonwealth, American Gas Ass'n, United Gas Pipe Line Co.

BW HAS THE BUYERS!

Plant location is a management decision. It is based upon management's consideration of the merits of various locations from the standpoint of their ultimate production and marketing aims. In 1947 more than ever, with more than one and a half billion dollars budgeted for plant expansion, industrial site advertisers are finding BW an economical and effective medium for reaching decision making management. Per advertising dollar, Business Week reaches more Management-men than any other general business or general magazine.

**WHEREVER YOU FIND IT, YOU FIND
A MANAGEMENT-MAN...
WELL INFORMED**

*Based on Publishers' Information Bureau
analysis of 1946 advertising.

**BUSINESS
WEEK**



Faster handling of materials within the plant is an important consideration in the cost-reduction program. And the maintenance of clean, smooth floors can help. Such floors—free from embedded accumulations that form an irregular, slippery surface—allow trucks to move swiftly... and surely. In addition, clean floors are safer floors and conducive to worker productivity.

For the above and other reasons, it pays to keep floors clean. And it pays particularly, in the case of grease-caked floors, to do the cleaning with a *Finnell 84-XR Industrial Dry Scrubber*. This is the scrubber with the *self-sharpening brush feature*. A flip of the switch reverses the motion of the brushes and re-sharpens them automatically!... eliminates the need for frequent changing of brushes by hand in order to maintain a good cutting edge.

In digging through and loosening heavy coatings of dirt, oil, grease, and shavings, the *Finnell 84-XR* is *ten times faster* than hand-spudding, and far more thorough. Floating brush rings enable the two powerful scarifying brushes to get into indentations and grooves that rigid coupling brushes pass over and miss. Low construction makes it easy to clean around and beneath equipment. The machine is adaptable to wet scrubbing, steel-wooling, waxing, and polishing. Ruggedly constructed throughout, assuring long, trouble-free service.

For free floor survey, consultation, or literature, phone or write nearest *Finnell* branch or *Finnell System, Inc.*, 3807 East Street, Elkhart, Indiana. Canadian Office: Ottawa, Ontario.

FINNELL SYSTEM, INC.

Pioneers and Specialists in
FLOOR-MAINTENANCE EQUIPMENT AND SUPPLIES

BRANCHES
IN ALL
PRINCIPAL
CITIES

push-button mechanism connected to a small control cabinet inside the building.

A dial with push buttons numbered from 1 to 8 is mounted on the outside of the door. Touching three of the buttons consecutively to form a pre-chosen combination opens the lock. The inside control cabinet has eight sockets, permits 336 different unlocking series. A combination is formed by inserting plugs in any three of the sockets.

An alarm bell or similar scare device can be attached to the control cabinet. If an intruder touches a wrong push-button on the outside dial, he sets off the alarm, disconnects the lock.

Larmloc Sales Corp., 3169 N. Clark St., Chicago, is the maker.

Availability: delivery in one week.

Two-Way Strainer

J. A. Zurn Mfg. Co., Erie, Pa., has developed a valve sediment strainer for use in pipelines where continuous flow is required. The fixture has two straining baskets: By diverting flow from one



basket to the other, filters can be cleaned without interrupting either the liquid's flow or the straining.

The unit uses a single valve to direct flow from the inlet to either of the two baskets. Valve action is nonfreezing, operates easily at all times, the maker reports.

The strainer is available in regular sizes from 1 in. to 6 in. Air valves relieve excess pressure. They will operate on pipelines carrying pressures up to 300 psi.

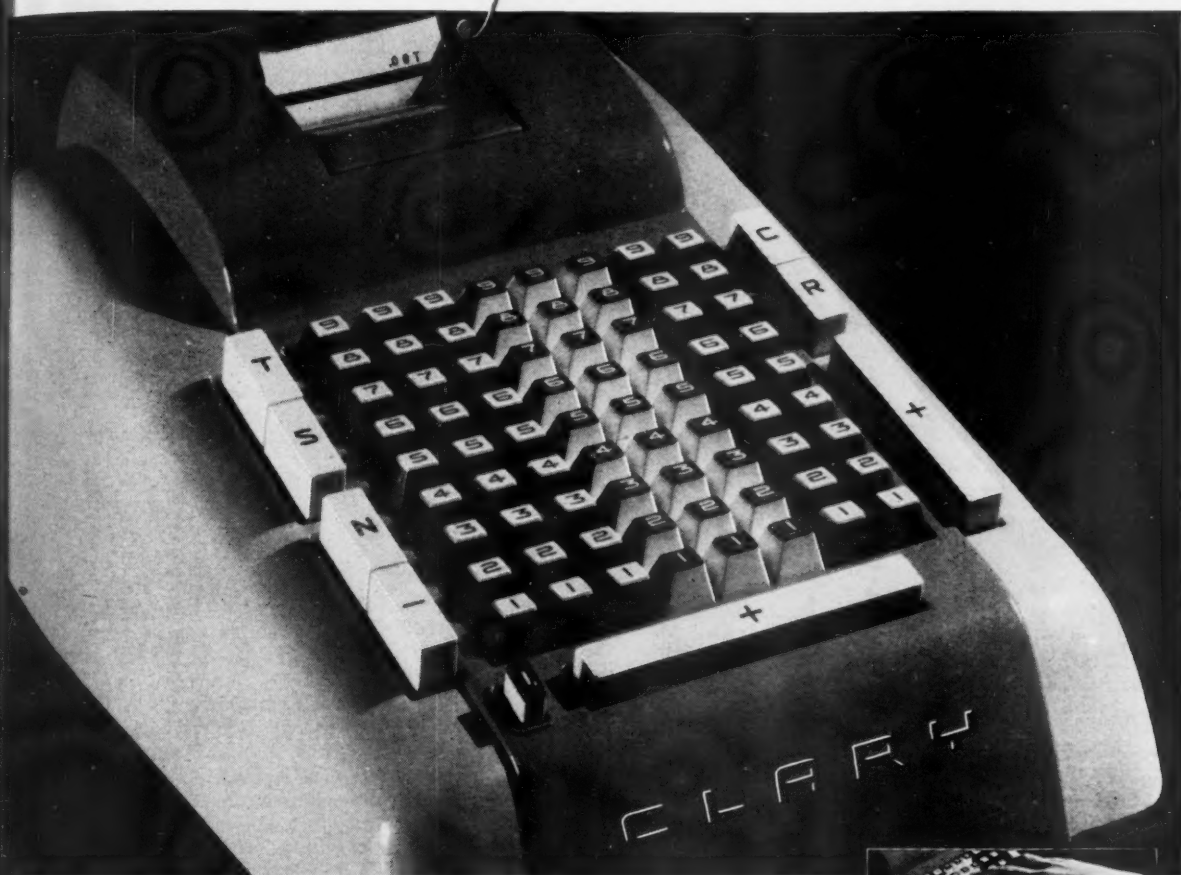
Availability: deliveries in 4 weeks.

Cooking Aid

Panette, an aluminum foil skillett liner, does away with greasy frying pans, helps prevent drain clogging that results from grease and food particles. The liner is placed in the skillet and

the new Clary ...world's fastest adding machine

...adds, subtracts, multiplies



sets a new standard for an old industry

WORLD'S FASTEST. The Clary operates at 188 cycles per minute—as much as 48 per cent faster than other adding machines. It does this quietly, without effort, because of its new electro-motive design. It prints by fast rotary motion—something new in adding machines. This departure from the outmoded reciprocating principle is the reason why the Clary is the World's fastest—why the Clary does more work with less effort.

THE EASIEST TO USE. The keyboard is compact, the hand spans it easily. Control bars are positioned around the numeral keys so that hand motions are greatly reduced. Because of the thumb add-bar fewer motions are required. These and other conveniences give you more speed with less effort.

GIVES GREATER ACCURACY.

The Clary keyboard is entirely new. Carefully planned to minimize eye fatigue and reduce human errors.

MORE THAN 10,000 SATISFIED USERS INDICATE A TREND. Eight years of research, planning and manufacturing experience went into the Clary Adding Machine. This sound background is now paying off for satisfied Clary users from coast to coast. The Clary has a sales record which we believe has never been equalled by a new adding machine. The trend is up—the value sound. Before you *buy* be sure to *try* the new Clary.



THUMB ADD-BAR. It's an *extra* add-bar which lets the thumb do the adding—the strongest member of the hand. Used simultaneously with one or more numeral keys—eliminates one operation.

CLARY MULTIPLIER CORPORATION, Main Office and Factory 1526 N. Main St., Los Angeles 12, Calif.

SALES OFFICES: Amarillo—Austin—Baton Rouge—Birmingham—Cleveland—Charleston—Chicago—Cincinnati—Corpus Christi—Dallas—Davenport, Iowa—Denver—Evansville, Ind.—Fargo, N. D.—Fresno, Calif.—Fort Worth—Houston—Huntington, W. Va.—Jonesboro, Ark.—Kansas City—Long Beach, Calif.—Louisville—Minneapolis—Nashville—New Orleans—New York—Omaha—Peoria—Philadelphia—Phoenix—Portland, Ore.—Sacramento—Salt Lake City—San Bernardino—San Diego—San Francisco—San Jose—Santa Ana, Calif.—Santa Barbara—Seattle—Sioux Falls, S. D.—Spokane—Springfield, Mo.—St. Cloud, Minn.—Wheeling—Wichita—Anchorage, Alaska—Honolulu—Montreal—Vancouver—Amsterdam—Bruxelles—Buenos Aires—Rio de Janeiro—Caracas, Venezuela—El Salvador—Guatemala—Honduras—Managua, Nicaragua—Mexico City and many more soon.

If our representative is not listed in the phone book write or wire for his address.

TELL ME MORE about the new Clary. Please send your latest booklet telling how the Clary can save us time in our accounting operations. No obligation, of course.

NAME _____
FIRM _____
ADDRESS _____
CITY _____ ZONE _____ STATE _____

Wonder why anybody
ever uses stamps?



Wonder why anybody
ever uses stamps?



Wonder why anybody
ever uses stamps?



-when they can use
a postage meter!!

... which prints postage of any value for parcel post packages, when and as needed, in your own office or shipping department. The Postage Meter provides the modern means of stamping your business packages, cartons, or any container. Time and effort saving. The meter holds any amount of postage you want it to hold, absolutely safe, protected from loss, theft, misuse . . . and keeps its own record, automatically accounts for postage used. The same postage meter stamps and seals your letter mail too!

There are postage meters for every business, large or small. Call the nearest office—or write for an illustrated booklet that explains Metered Mailing for shipping room and office.



PITNEY-BOWES POSTAGE METER

Pitney-Bowes, Inc., 1414 Pacific St., Stamford, Conn.

Originators of Metered Mail. Largest makers of postage meters
Offices in 59 principal cities in the United States and Canada

the food is fried. After use, it is folded and discarded. Pans are left clean, scraps and grease are kept out of dish water.

Claims for the liner are that it is nonabsorbent, does not melt or distort under the hottest temperatures. Panette Co., Box 1132, Pittsburgh, is the maker.

Availability: immediate delivery.

Drip-Proof Spout

Pouring liquids without splashing or dripping is easy with a plastic spout developed by Livingstone Mfg. Co., 715 W. Market St., Akron, Ohio.

The spout comes in four sizes, can be attached to the top of almost any household bottle. A molded reservoir in the lip of the device catches the last few drops, prevents their dripping on work surfaces. When not in use the spout is covered with a tight-fitting cap that protects the liquids from dirt or food odors.

Availability: deliveries in 10 days.

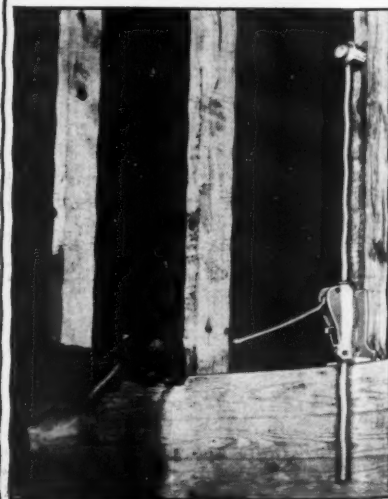
Tight Fitter

Closer-fitting joints for wood floorings or sidings, without blocking and hammering to obtain proper alignment is the purpose of Bord-Jak. The tool, using a simple jack lever principle, is made by Maco Corp., Huntington, Ind.

A hammer's blow sets the device in position (picture) on horizontal or vertical support studs. Lever action is then applied. Pressure plates squeeze the flooring or siding boards tightly together, hold them in position. Hands are thus left free for nailing. Badly warped boards can be forced into line, tongue-and-grooved or square-faced lumber brought into perfect fits, Maco reports.

The tool can also be used to spread or squeeze out-of-line studs.

Availability: immediate delivery.



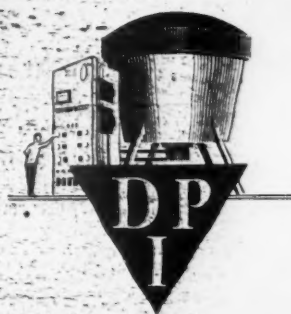
What does your competition know about this "Master Key"...

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*To Leaders
of Industry*

Do you have all the facts about Molecular Distillation, its uses and potentials?

Many processors already know the advantages of Molecular Distillation.



MOLECULAR DISTILLATION is one of the newest basic processes available to industry.

Come of age in the war years, it is now well along in factory-scale development. It is a process full of so much promise that nobody, as yet, can see its ceiling.

WHAT IS IT? WHAT CAN IT DO?

... Molecular Distillation is precisely controlled, "short path" distillation, carried on under exceptionally high vacuum.

... It can separate many high molecular-weight materials you have come to think of as "undistillable."

... It is the only proved means by which many complex materials can be distilled without heat injury. This is particularly true of certain fats, waxes and greases.

... It is a simple and easily expandable process, demanding neither heavy expenditures nor overly-complicated installations. It can be used on a small

laboratory-scale, as a pilot-plant operation, or in full commercial-scale production—and for low initial and operational costs.

How many new applications will be found for this process, how many new discoveries it may bring, depends to some extent on how many new ideas come along. Our DPI services might help you develop a new and profitable idea—it's happened that way with quite a few processors.

We can, if you wish, run experimental distillations on materials you send us. And we offer several types and sizes of molecular stills for sale.

In addition, a new brochure, "Information on High Vacuum Distillation," giving the technical details of this process and descriptions of the equipment we sell, is available for the asking. Use the convenient corner card, below, to remind you to write.



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FINANCE (THE MARKETS—PAGE 98)

Insurers Turn Down Business

Brokers, agents say companies won't take new fire, auto risks. Underwriters point out law won't let them handle more with existing capital. Rates are up but so are losses, so deficits mount.

Every businessman likes to see a big backlog of orders on his books. But in the auto and fire insurance fields, demand is getting to be positively embarrassing.

This week brought no signs of a letup. If anything, the situation is even tighter than in the hectic spring months (BW—May 10 '47, p34, p39). Brokers and agents are growling that coverage can't be placed in the usual quarters anymore because many insurance companies are unwilling—or unable—to take additional risks.

- **Up in Arms**—As a result, brokers and agents are sick and tired of:
- The way insurance companies have grown selective in taking new risks;
- Their choosy attitude toward renewal business;
- Their abrupt refusal to underwrite certain lines.

What's more, brokers and agents are no longer merely moaning over the loss of their commissions. They are now taking direct action. In New York, for example:

- The Brokers' Assn. Joint Council after publicly doubting that "the companies [are] doing their proper share in meeting the situation," has brought its troubles to State Insurance Superintendent Robert E. Dincen. At his request, the association's drawing up a list of occasions when members supposedly couldn't place insurance with their companies.
- The National Assn. of Insurance Agents has been meeting with the Insurance Executives Assn. to find some way out of the current mess.
- The National Assn. of Insurance Brokers will go to the public with a full report on what has been happening



A SHOW OF FAITH IN THE WORLD BANK

New debentures of the World Bank went like hot cakes last week. In fact, the demand exceeded the supply. On hand to watch the debut at the New York Stock Exchange were John J. McCloy (left), World Bank president, and (next to him) Emil Schram, Exchange head. It was obvious that they were satisfied. McCloy saw his \$250-million offering (BW—Jul. 12 '47, p73) oversubscribed, the bidding sent prices a couple of points above par. Schram was happy because of the week's volume of bond trading: It totaled \$26,727,900, of which \$9,301,000 was in the new debentures. And now there's talk of an additional \$300-million offering before 1947.

us suggestions on what to do about the situation.

Midwest brokers and agents have lined up on complaints, too. George Middleton, head of the Insurance Brokers Assn. of Illinois, for instance, claims that one of his members recently was unable to place as much as \$400,000 of a \$1,000,000 piece of fire coverage. Another, he says, missed out on \$650,000 or \$1,500,000 of desired coverage.

Other Side—But even the loudest complainants readily admit that you can't blame the insurance companies for everything. One very basic cause of today's troubles is the flood of new business. It's just too large to be handled with the capital at the trade's disposal. State authorities reputedly have warned more than one company that its underwritings are nearing the danger point.

Another factor is the loss experience in auto and fire underwriting—highest in insurance history.

Loss Experience—A case in point is the experience of the nonmutual casualty companies licensed to operate in New York, a group estimated to transact 10% of all such domestic business. In 1946 they had losses of over \$40 million in auto liability insurance and \$38 million in auto property damage. As a result, despite record-breaking premiums, they were in the red close to \$50 million in their underwriting.

Fire losses are up just as steeply. In the first half of 1947 they were bigger than in any whole year in the 1933-42 period. And in the year ending June 30, 1947, they came to \$633 million—highest for any 12-month period on record.

Higher Rates—To ease the beating fire and casualty companies are taking, more and more states are okaying boosts. The trade, however, doesn't think that rates as yet are high enough to offset loss trends. Few insurance men expect to see the present tight market loosen up until (1) premiums get more into line with risks, and (2) inflated building, property, and car values level off.

Whether the situation is as bad as the agents and brokers paint it is a moot point. Insurance companies (and more than a few sellers of insurance) say it isn't. Normal risks, they claim, are still easily insured. And the New York State Insurance Dept. says that it has no complaints from insurance buyers that policies covering legitimate risks can't be placed.

Outlook—But fire companies will be extra careful in covering such risks as:

- Buildings in which large supplies of valuable or inflammable goods are concentrated;

- War plants whose peacetime prospects aren't clear;

- Properties in areas where loss ex-



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Ideal for work in narrow aisled factories, warehouses and in box cars. The 1-ton capacity Hyster "20" is only 37 inches wide.

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PULL DOWN YOUR MATERIALS HANDLING COSTS with a HYSHER "20"

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PICKED BY ENGINEERS

Richard E. Dougherty, vice-president of the New York Central R.R. Co., will be the 1948 president of the American Society of Civil Engineers. He will take office at the society's annual meeting next January.

Dougherty has been chairman of the grade crossing committee of the Assn. of American Railroads since 1935. He is a member of the American Railway Engineering Assn., has been a vice-president of the society he is slated to head.



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As a Drill Press

perience has proved to be unfavorable for the companies.

And casualty companies will be just as cagey in insuring:

- Jalopies and near-jalopies;
- Taxicab fleets;
- Truck fleets, particularly in long-haul service;
- Bad-record drivers, or cars used mainly in high-loss areas.

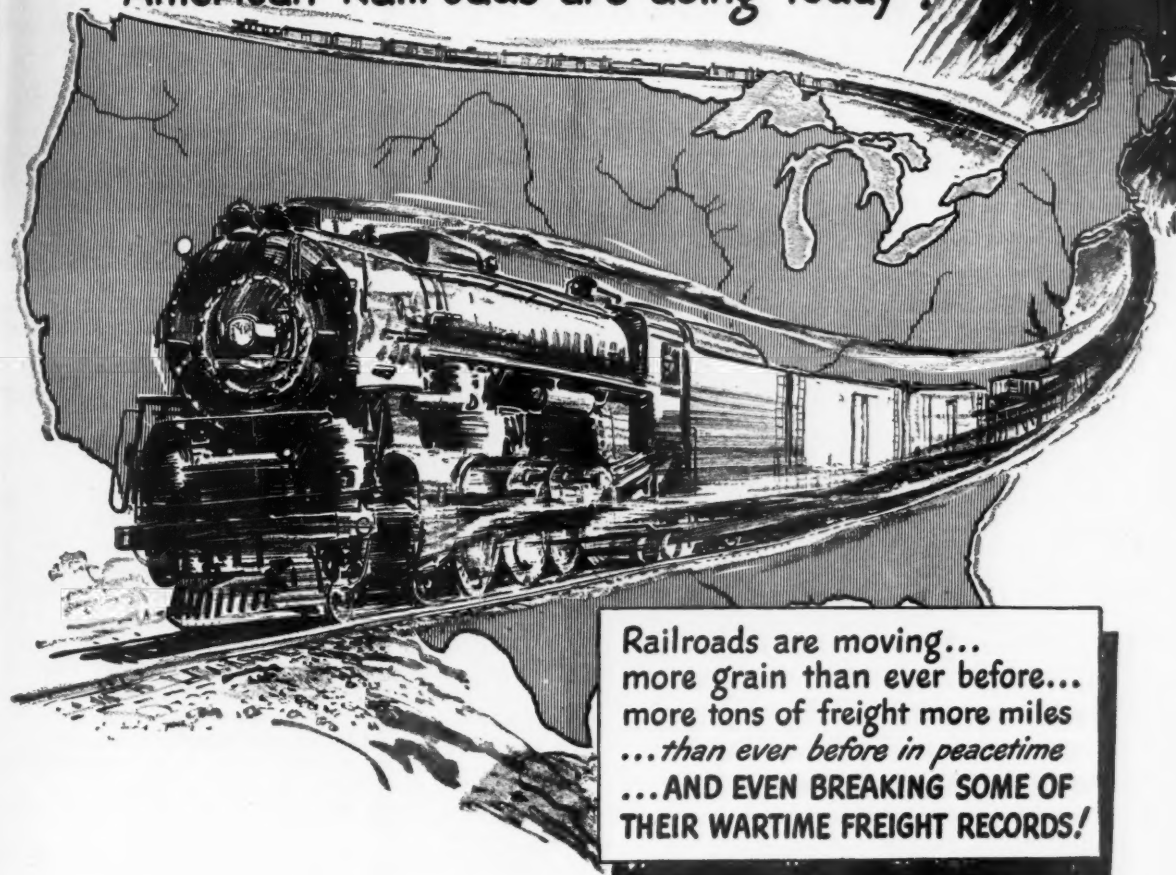
The trade thinks such caution is only good business practice. Otherwise, insurance executives say, you are apt to end up like Pittsburgh's Keystone Mutual Casualty Insurance Co., now in the process of liquidation (BW-July 19'47,p38).

• **New Financing**—More and more old line fire and casualty companies are now arranging for new financing to improve the relationship of their capital and their high volume of business. Actua Insurance Co. is offering stockholders 250,000 shares of new stock at \$40 a share. Others planning to get goodly chunks of new capital include Camden Fire Insurance Co., Continental Casualty Co., Glens Falls Insurance Co., and the National Union Fire Insurance Co.

Believe It or Not! by Ripley

A MILLION TONS ONE MILE EVERY MINUTE!

That's the size of the job
American Railroads are doing today!



Railroads are moving...
more grain than ever before...
more tons of freight more miles
...than ever before in peacetime
...AND EVEN BREAKING SOME OF
THEIR WARTIME FREIGHT RECORDS!

Your railroads are moving an almost unbelievable amount of freight across the nation. In the first four months of this year they topped even their wartime carloading records! And more tons of freight are moving more miles than ever before in peacetime!

Railroads are carrying this greater tonnage with fewer cars. Although thousands of new cars have been put in service, and 100,000 are still on order, they are not coming fast enough to replace those worn out in wartime.

This record-breaking volume of freight is being hauled at charges which average just a little more than one cent for carrying a ton of freight one mile. This is less than 15% above 1939 levels.

But railroad wages are more than 50% higher than they were in 1939. Fuel and material costs are 60% higher than before the war.

As a result, in this year of biggest peacetime business, railroads are earning an average return on their net investment of only about 3%.

That's just about half the earnings the railroads need if they are to keep on making the improvements in cars and engines, tracks and terminals, signals and shops, which will keep freight moving at a rate to meet the nation's needs . . . to bring better service to you!

★

Send for a free copy of the new booklet, "You and Your Railroads." Association of American Railroads, Room 941 Transportation Building, Washington 6, D.C.

AMERICAN RAILROADS

THE NATION'S BASIC TRANSPORTATION

THE NATIONAL CITY BANK — OF CLEVELAND —

Statement of Condition

JUNE 30, 1947

ASSETS

Cash and Due from Banks	\$108,388,998.21
United States Government Obligations	204,164,300.66
Other Securities	13,039,769.91
Loans and Discounts	112,233,837.89
Investment in Banking Premises	2,213,499.70
Customers' Liability on Acceptances and Letters of Credit	548,940.66
Accrued Interest	1,030,465.34
Other Assets	270,119.00
	\$441,889,931.37

LIABILITIES

Capital Stock (625,000 shs.). \$	10,000,000.00	
Surplus	10,000,000.00	
Undivided Profits	3,534,564.21	\$ 23,534,564.21
Reserves	3,440,317.41	
Acceptances and Letters of Credit	548,940.66	
Accrued Interest and Expenses	1,027,489.89	
Deferred Credits and Other Liabilities	955,873.50	
Corporation, Individual and Bank Deposits	\$311,739,383.69	
Savings Deposits	63,551,335.69	
Trust and Public Deposits	33,618,291.40	
U. S. Government War Loan Account	3,473,734.92	412,382,745.70
		\$441,889,931.37
Contingent Liability on unused loan commitments	\$13,670,160.69	

NOTE: United States Government obligations carried at \$38,863,941.18 are pledged to secure trust and public deposits, U. S. Government war loan account and for other purposes as required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



TEST AND CONTEST: C.I.O. union opens barrage in the first major bank strike.

C.I.O. Calls First Major U. S. Bank Strike

Last week the nation's first major bank strike got under way. Target was the Brooklyn Trust Co., New York City's largest non-Wall Street bank with resources of some \$242 million.

The striking union is Local 96 of the Financial Employees Guild, affiliate of C.I.O.'s United Office & Professional Workers of America. Its demands:

- Reinstatement of three members allegedly discharged for union activity;
- Withdrawal of "discriminatory transfers" of union members;
- Establishment of grievance machinery;
- Salary raises of \$15 a week, or 30%, whichever is higher.

Union officials claim that F.E.G. has more than a majority of the bank's employees; that over 400 obeyed the strike call; that early this week the trust company's operations were "crippled"; and that many depositors were so aroused by the "plight" of the employees that they wrote the bank about it.

• **Bank's Story**—George V. McLaughlin, Brooklyn Trust president who previously was New York State Superintendent of Banks and New York City's Police Commissioner, had another story.

At no time, he says, has normal operation been crippled. Absentees when the strike first started rose to only 9%, as against a usual 5% rate. Moreover, McLaughlin claims the bank could not "identify a single employee on the picket line at Main Office."

The New York State Mediation



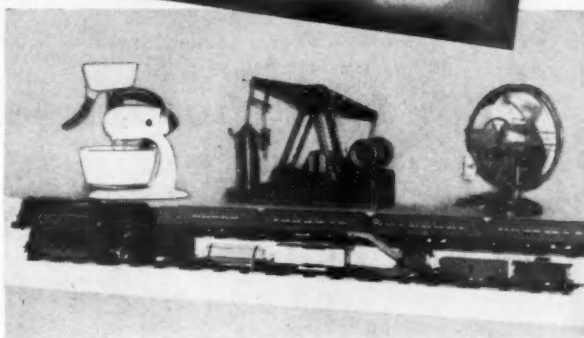
GAS... flexible TOOL for Production-line Heat Processes

When you need heat for drying, for metal-melting, for process steam, for any of the production-line heating requirements you need GAS and modern Gas Equipment.

And for proof of the many successful applications of the productive flames of GAS in modern industrial practice you need only look at the experience records of A. C. Gilbert Company, famed producer of miniature trains, scientific toys, motor-driven appliances.

In its modern New Haven, Connecticut, plant the company's production engineers have applied GAS to heating processes such as:

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- Molten-metal reservoirs of die-casting machines
- Remelt furnaces for reclaiming scrap metal
- Salt bath for gear hardening
- Boilers supplying steam for bakelite mold-heating
- Continuous cycle and convection drying and enameling ovens



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These varied examples demonstrate the applicability of GAS to the widest range of production-line processes. You can obtain full details on the use of GAS in modern production engineering by calling your local Gas Company.

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Gas-fired traveling conveyor oven where Erector set parts are coated and dried

Automatic controls assure proper paint-drying temperatures in Gas convection ovens

Gas-fired boilers supply steam to the bakelite molding presses





The loan that launched a merchant fleet

THE States Marine Corporation was up against a tough decision. A wise and seasoned management had built the firm into the largest operator of chartered tonnage in the U. S. Its tramp and liner services spanned the globe.

States Marine could rest on its laurels, or take a big step forward...acquire and operate a merchant fleet of its own. It was a vital question. The Company came to the Bank of Manhattan.

The Bank's officers recognized that such a move called for courage, skill, and resourcefulness. They also recognized the nation's grow-

ing need for an enlarged, privately operated merchant marine. The Company's long and successful record counted heavily. The Bank of Manhattan decided to back courage with dollars.

A sizable loan helped States Marine to purchase some of its first ships. Today, States Marine ranks as one of America's foremost steamship companies. Its great fleet is an important factor in world commerce.

This is another example of the Bank of Manhattan's readiness to assist sound, progressive companies with credit...and with counsel founded on long experience.



Bank of the Manhattan Company
NEW YORK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Board has tried to get both sides together. Thus far, however, the trust company has refused. Its reason: The union hasn't been certified as bargaining agent, nor has it ever sought certification.

•**Prospects**—Early this week each side seemed set for a fight to the finish. The bank was busy sending out termination checks to strikers, assuming that they "didn't want to work here any longer." Meantime officials of F.E.G. were demanding that alleged "police brutality" on picket lines be investigated. Also, the union was asking for support from other C.I.O. unions and Brooklyn citizens.

DISTILLERY MERGER?

Recent brisk activity in the stock of Publicker Industries, Inc., distiller which made the liquor industry's Big Four into the Big Five, has gratified stockholders (BW—Sep. 28 '46, p17).

Since May 17 Publicker stock has climbed steeply from 15½ to above 30.

Publicker's notable rise has stemmed from merger rumors that for some time have buzzed persistently in financial circles. According to this talk, a merger is in the making between Publicker and another of the Big Five. Other name on everybody's lips: National Distillers Products Corp.

Stories of the merger terms vary. One version holds that Publicker will sell out its liquor business to National for common stock, then concentrate solely on its own chemical business. The other story calls for a straight merger deal. Up until now, officials of both companies have maintained a discreet silence.

If the rumors prove true, the upshot will be a mammoth enterprise holding whisky stocks 50% greater than Schenley's, twice those of Seagram's.

Doubters in the Street put little stock in the rumors. Behind their reasoning lies a belief that such a merger might be followed by antitrust proceedings.

CHICAGO TRANSIT DEAL

Threat of a further legal delay to Chicago's plans for unification of its bankrupt traction systems (BW—Jun. 28 '47, p44) under municipal ownership has evaporated. Junior bondholders of the Chicago Surface Lines had been frozen out of proceeds of the sale. But last week their attorneys announced that the group would not appeal terms of the sale. The move left the Chicago Transit Authority free to go ahead with its \$103-million bond issue to get funds to pay for the transit lines.

If the bond issue sells successfully, C.T.A. is scheduled to take over the Chicago Surface Lines and the Chicago Rapid Transit Co. on Sept. 1.

LABOR

Another Wage Round Coming?

Rubber, textile, nonferrous unions ask boosts, tie demands to rising cost of living. But there is little doubt that their leaders' ideas were strongly influenced by John L. Lewis' coal settlement.

Wage demands in the rubber, textile, and nonferrous-metals industries raised a big question this week: Is a new round of pay boosts this year in the making?

The demands came as President Truman's second economic report (page 20) warned against further wage drives by unions. "In no case should the particular wage increases in the mining industry be made the basis for wage demands in other fields governed by different circumstances," said the President.

There's little doubt, however, that

the coal settlement is having psychological effects on other unions and their leaders.

One factor tempers the situation: The usual pay trend-setters, steel, automotive, and electrical-manufacturing industries, have signed and sealed wage contracts for 1947.

- **Demands**—Elsewhere in industry, despite President Truman's plea:
- The C.I.O. United Rubber Workers' international policy committee gave notice to "Big Four" employers—Good-



ALLIS-CHALMERS: Voting in tents at plant gates favored C.I.O. for bargaining.

Challenged Votes Will Tell the Story

Strike-torn Local 248 of C.I.O.'s United Auto Workers last week took the first step on its comeback trail. It eked out a bare majority of 62 votes in a collective bargaining election (above) at Allis-Chalmers' Milwaukee plant. Results: U.A.W., 3,640 of 7,215 unchallenged ballots; an independent union, 1,913; A.F.L.'s auto workers, 1,581; no-union, a scant 81.

But whether U.A.W. gets quick certification—or faces a runoff—hinges on 247 challenged votes still to be checked. An estimated 115 of them were for two A.F.L. craft unions which want separate bargaining units recognized. About 70 were votes cast for U.A.W. by Allis-Chalmers workers fired after the long, bloody U.A.W. walkout (BW—Mar. 29 '47, p90).

Sales Help for Petroleum Marketers



How to maintain winter oil sales

Refiners and compounders who are looking ahead to winter will find that Monsanto pour-point depressants will keep both their oils and sales fluid in cold weather.

Field tests at low temperatures have amply demonstrated the ability of Monsanto depressants to maintain required lubricant fluidity as well as pour-point stability of oils in winter storage—both at dollars-and-cents economies.

If you are interested in keeping your oils and sales fluid in winter, contact or write MONSANTO CHEMICAL COMPANY, Petroleum Chemicals Department, 1700 South Second Street, St. Louis 4, Missouri.

MONSANTO
CHEMICALS—PLASTICS

SERVING INDUSTRY . . . WHICH SERVES MANKIND

HOW SURPLUS ★ MACHINE TOOLS ★ AFFECT YOU...



as a manufacturer

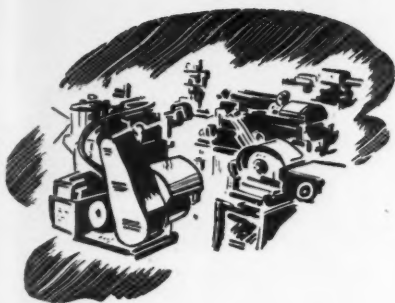


WAA's surplus machine tools are helping industrial executives to wrest new profits and new markets out of today's difficult economy. Now you, too, can buy the up-to-date tools you need—to turn out a better product at less cost. You can replace worn out equipment at a price you can afford to pay—specifically, *25% or more below used market price*. That all means a better, competitive position—expanded markets both here and abroad. No priority is needed to buy. WAA or your machine tool dealer locates the tools you need and arranges for fast delivery. Initial payment as low as 15% when you use WAA's *Deferred Payment Plan*.

as an exporter

WAA tools are playing a vital role not only in stepping up our national economy, but in revitalizing world markets. Many of these surplus tools are urgently needed in devastated and industrially poor nations. They are finding a ready market because of prices so favorable that where it is necessary they permit tools to be rebuilt before shipment. Exporters will profit by watching current WAA newspaper and trade advertising featuring available types and models. Many of them will be of interest to your clients—having been designed and manufactured to specifications which demanded a high degree of accuracy and efficiency.





as a machine tool builder

Despite the volume of tools it has offered and sold, WAA is meeting its obligations to the Machine Tool Industry. The market has held steady and at high levels. Surplus tools have not and will not be disposed of in a way that can upset this industry. For example, large inventories are being studied by local teams of experts from the Armed Forces and Industry. Those which are judged to be of no further use for strategic war reserve or commercial production are marked *for salvage* and offered in competitive bid sales. Much of this inventory will find its way back to the cupola to ease the critical scrap shortage. Another large group of tools is being given to schools, as well as to federal, state and local government institutions. Such organizations, which do not have funds to buy this equipment from the manufacturers, will provide a pool of skilled workers for industry.



as an American Citizen

WAA has never lost sight of its obligation to the American public. On the one hand, prices and policies have been established which would bring to the public treasury a maximum return on the money invested in surplus tools. Equally important, the value of some of these tools in furthering national security has not been overlooked. 80,000 long supply, general purpose tools are being withdrawn from surplus for strategic war reserve. Many of the single and special purpose tools, unsuitable for turning out peacetime products, will also be processed for similar reserve.

BE SURE that your organization is alert to the opportunities offered by WAA. Send today for copies of WAA's "25% below used market" Machine Tool Catalogs and distribute them to your key personnel. Suggest, too, that they scan trade magazines and local newspapers for important special sales.



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of my ambition to build a
fine, light car comfortable
for my 6'2",."



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PRESIDENT, CROWLEY MOTORS, INC.



Smarter-looking, smarter-to-buy, the new, fine CROSELY Convertible is really economical! Priced far lower, costs only about half as much to operate as the cumbersome, 3-times-as-heavy cars advertised as "low priced"! Yet plenty of room for 4 husky men—plus baggage!

Notice particularly the 4-cylinder, valve-in-head CROSELY COBRA (Copper BRAZed) engine! It's made of steel, weighs only 59 lbs. and is the most talked-of internal combustion engine in 40 years! On ordinary gasoline it delivers 35-50 miles per gallon; speeds to 60-plus Check, inspect, compare the stunning new CROSELY Convertible before you buy any "sports" car!

COMPARE THESE FEATURES

ALL STEEL construction, anodized, weight-to-power, low center of gravity, oversize shock absorbers - MORE MANEUVERABLE. Instant pick-up: MODERN Streamlining, 20" narrower than most the "aircraft" cars. "JEFFY RIG" WEIGHS only 1150 lbs., beige weatherproof top curbside, perfectly bal-

For information and literature write:
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ORANGEBURG
THE ROOT-PROOF PIPE

rich, Goodyear, Firestone, and U. S. Rubber—of intention to reopen the wage clause in the Mar. 22, 1947, contract (BW-Mar.29'47,p76).

• C.I.O.'s Textile Workers Union of America reversed its stand against another pay rise this year (BW-Jun.21'47,p88). Now president Emil Rieve is asking for negotiations on new wage rates.

• The C.I.O. Mine, Mill & Smelter Workers called on employers to recognize the "higher level of living costs" by boosting wages.

Other demands for higher pay levels came from railroad personnel, A.F.L. employees of the Western Union Telegraph Co., coastal shipyard workers, and unions in a scattering of other industries. Undoubtedly, the United Mine Workers contract terms gave them impetus. But most grew out of dissatisfaction with what unions claim is a lag in wages (BW-Jul.19'47,p92) as against the cost of living.

Both A.F.L. and C.I.O. had warned, prior to the coal settlement, that if the rising c. of l. was not checked quickly, labor would ask for more pay.

• Rubber—Thus the United Rubber Workers blamed higher living costs for its decision to seek another wage boost this year. An agreement last March gave U.R.W. an 11½¢ hourly increase, which raised the basic wage rate for the industry to about \$1.50 an hour. The contract permits reopening of the wage clause after four months. U.R.W. wants to start new wage talks on the first day possible.

L. S. Buckmaster, president, said his board wouldn't make any specific wage demand. Companies—they can bargain separately this time—will be asked for a pay hike equal to the rise in c.-of-l. figures between Jan. 1, 1947, and the date of a new rubber settlement. Also, they will be asked to give "whatever is necessary to equal other wage patterns" established in 1947.

This latter demand is drawing lots of management attention. It's possible that U.R.W. wants to duplicate the coal settlement, rather than get the standard 15¢ "packaged" increase. The rubber workers are mum about this but, obviously, they are bargaining for a higher figure than 15¢.

• Textiles—C.I.O.'s textile union stirred a hornet's nest in labor circles when it announced in June that it would not ask further cotton textile pay hikes in 1947. Last week it reversed this stand in talks to New England and mid-Atlantic employers. A strike Aug. 1 is threatened unless wage hikes compensate for living costs. At midweek, talks with employers were stalemated.

C.I.O. textile workers in northern mills received 10¢ hourly boosts earlier this year (BW-Feb.8'47,p83). Their counterparts in A.F.L. currently are asking another 10¢ wage hike.



A.F.L.'s George Meany (left) and Thomas Murray, New York state federation head.

SUCCESSOR FOR GREEN?

For years, there have been rumors that A. F. L. president William Green would like to retire. One that circulated at the federation's Chicago convention last year got more than the usual brief credence (BW-Oct.12'46,p94). It set a time and place: A. F. L.'s convention in San Francisco this October.

There was growing belief in labor this week that the rumor might be well founded. The important New York State Federation of Labor had endorsed George Meany, A. F. L. secretary-treasurer, as its candidate if Green steps out of it.

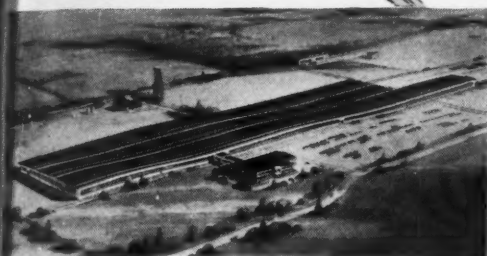
John L. Lewis probably could take over the job if he wants it, despite a strong opposition bloc. But the A. F. L. job could mean surrender of his United Mine Workers presidency, a step he might not choose to take.

• Nonferrous Metals—Major copper and lead producers—Kennecott Copper, Phelps Dodge, and American Smelting & Refining—have new wage demands from the Mine, Mill & Smelter Workers Union. No figure is mentioned, but Maurice E. Travers, M.M.S.W. president, says a settlement must offset higher living costs. Employers were warned that the union is ready to strike to enforce demands. A wage dispute last year led to a protracted walkout of 20,000 M.M.S.W. workers in the industry (BW-Mar.30'46,p96).

Travers tied his demands to gains made by the coal miners: Conditions in the copper and lead industry, he told employers, are in many ways like those in coal mining. Any settlement should

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follow the Lewis pattern, he thinks. The suggestion received a chilly response from management.

More than 3,000 M.M.S.W. employees of the St. Joseph Lead Co., in the southwestern Missouri mining area, meantime canceled a strike call this week. They got a unique compromise: a 75¢ daily pay hike based on the present 15¢-a-pound price for lead. Each time the price of lead rises or falls the new contract calls for a 25¢ rise or drop in daily wages.

• **Railroads**—Little progress has been made to date by the National Mediation Board in settling a dispute between railroads and 17 "nonoperating" brotherhoods. Unions are asking for a 20¢ hourly increase for 1,000,000 members and are demanding work rule changes (BW—Jun. 7 '47, p94). Next step under the Railway Labor Act, if mediation fails, will be an attempt to get both sides to arbitrate. If they refuse, the federal law requires submission of the dispute to an emergency fact-finding board.

The operating Brotherhood of Locomotive Firemen & Enginemen recently said that a 30¢ hourly pay boost would be "justified" this year. However, the real target of the B.L.F.&E. and four other major operating unions this year is getting rule changes instead of a straight hike in wages.

Brotherhood interest in pressing for rule changes was spurred by the mine workers' victory in reducing the workday and in getting other concessions.

DOW DROPS PORTAL PAY

Nine months ago Dow Chemical Co. fell quickly in line with the Supreme Court mandate in the Mt. Clemens Pottery Co. case. It drew up an agreement with the United Mine Workers Union which provided broad portal pay allowances (BW—Nov. 2 '46, p84). Last week, mindful of the new legislation outlawing portal pay (BW—May 10 '47, p90), the company and the union signed a new contract which eliminated portal grants.

Whether the union's portal concession cost Dow money or actually created savings depends on the point of view. Wage rates were raised 18¢ and other concessions were granted, in comparison with a "big company" pattern of 15¢ packaged increases. When portal payments previously allowed are taken off, the actual raise for workmen will be about 8¢ an hour.

In addition to the blanket 18¢ advance, retroactive to June 2, Dow raised its minimum rate 24¢ to \$1.28. It also boosted the hiring wage 12¢, to \$1.16.

On top of that, a \$417,000 fund was created to adjust rates under a new evaluation system. Union sources estimated that this adjustment would aver-

EVERYONE HAS A STAKE IN EMPLOYEE SECURITY



Is your reputation on trial, too ?

Father, of course, knows how to fix reels and everything else . . . or at least he's supposed to. But somehow, even against such odds, his reputation with Johnny seems to keep intact, perhaps because his "public" is prejudiced in his favor.

Most of us in business have to build reputations on the basis of performance alone. When an organization enjoys a reputation of being "a good place to work" you can usually put your finger on clear, progressive thinking and action on the part of management. In many cases credit has been given by management to Connecticut General's Protected Pay Envelope Plan for helping materially to build employee and

community goodwill. This plan in its entirety includes Group Life, Accident and Sickness, Hospital and Surgical Expense insurance and a Retirement income for employees. It may be purchased in part or as a whole, depending upon organization needs.

One plan for every need? That obviously doesn't make sense. What you want is a plan for *your* organization . . . and that is why Connecticut General has developed the new "Employee Security Analysis," to give you a complete picture, a comprehensive analysis of the needs in your case before discussing any recommendations. Your nearest Connecticut General Office will be glad to discuss details with you.

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(Thanks to Electronic Dictation)

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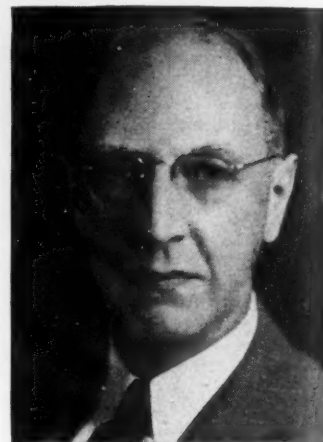
DICTAPHONE *Electronic Dictation*

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age 3.5¢ an hour per man. Wide variances in classification advances from this fund (ranging from nothing up to about 20¢) almost resulted in workers who advanced negligibly voting down the entire proposal; it carried by a 10 to-7 margin.

One vestige of portal allowances remains in the new agreement. Employees will be credited with four minutes' extra time for passing on information to workers on the next shift.

The new Dow agreement runs to Apr. 4, 1949. During that time wages can be reopened once by each party on five-day notice.



Clinton S. Golden

LABOR ADVISER

Clinton S. Golden, former assistant to the president (equivalent of vice-president) of C.I.O.'s United Steelworkers of America, this week added another to a long list of government assignments. It may turn out to be his most important.

Golden accepted an appointment as Chief of Labor Division, American Mission to Greece. He will serve under Dwight P. Griswold, U. S. administrator (BW-Jun.14'47,p8). A staff of other industrial and trade unionists from this country will work with Golden.

Golden's specific job will be to advise Greek officials on ways to improve labor relations, the productivity and efficiency of labor, and industrial health, safety, and security programs. Less specific, but equally important, Golden will be working to keep Greek labor liberal but not Communist.

The former union official, a C.I.O. right-wing stalwart, resigned in July, 1946 (BW-Jul.13'46,p75).



Embezzlement losses aren't "peanuts"!

Embezzlement losses, to use the vigorous idiom of America, "aren't just peanuts." As witness U.S.F. & G. case No. 181333, with losses totaling \$271,777.81. Or No. 4-MF-2, in which a shipping clerk appropriated merchandise worth \$34,000. With prices high and more money in circulation, losses due to employee dishonesty are rising sharply.

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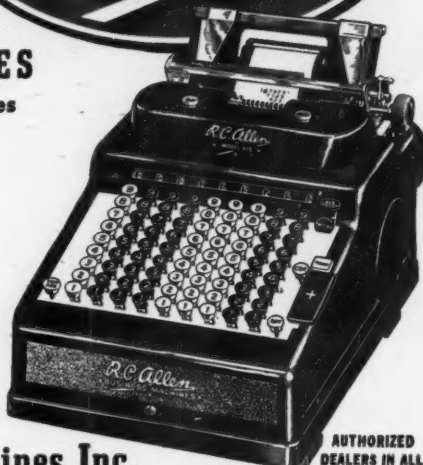
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Firings Stick

After losing its strike at Ford, Foreman's union can't back up protests against supervisor dismissals with action.

The extent of the Ford Motor Co.'s victory in its battle against the Foreman's Assn. of America (BW-July 12 '47, p17) got new emphasis last week. The company fired 32 supervisors on charges of "strike terrorism" as an aftermath of F.A.A.'s 47-day walkout. There were bitter protests—but the union lacked resources to back them up.

• **Violation?**—F.A.A. charged that the firings violated a pledge by Henry Ford II that "no discrimination will be shown to anyone because of participation in the foreman's strike."

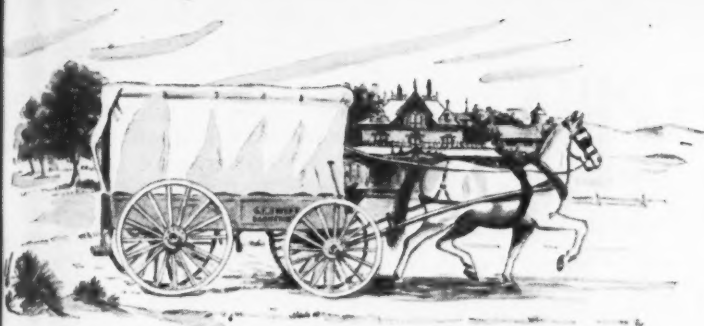
The 32 men discharged were accused of assaulting fellow-workers as they tried to cross picket lines, or with threatening violence against nonstrikers and their families. Ford said that every discharge was preceded by hearings. But some of the discharged foremen told their union that they were simply notified that they were no longer on the payroll. They claimed that they were given no opportunity to plead innocence.

• **Long-Term Program**—At a protest meeting last week end, F.A.A. president Robert H. Keys told members to curb their "justifiable" anger and return to jobs, pending the outcome of unfair labor practice complaints to the National Labor Relations Board. Meanwhile, the union's officers, said Keys, are formulating a long-term program for an offensive against Ford.

If the NLRB fails to order reinstatement of the discharged foremen, and if Ford refuses in "peaceful negotiations" to reemploy them, F.A.A. said another strike would be "a last resort." Ford chapter members were instructed to "go back into the plants and organize for a really effective strike."

• **Weakened Position**—The warning caused very little stir in either management or union ranks. F.A.A.'s weakened position was aptly demonstrated by the fact that fewer than 500 of 3,800 Ford members showed up at the protest meeting. Advance publicity had advertised it as a possible strike meeting. About five times that many had attended the previous meeting which had voted to end the Ford walkout.

Few expect the union's protest to the NLRB to come to anything. There is little likelihood that the board will act on the discharge protest before Aug. 22, the date when management is freed from having to bargain with supervisors.



He hitched his wagon to a star

There wasn't much to distinguish the first red wagon of Swift & Company from any other red wagon — except one thing. It was hitched to a star — the vision of a pioneer.

Gustavus Franklin Swift, founder of Swift & Company, lived to do things better than they had ever been done before. He pioneered in developing the refrigerator car — and introduced radically efficient methods that changed the course of

other industries, as well as his own.

Today Swift & Company has thousands of trucks. They're all painted red in honor of what that first red wagon stood for. And they're still hitched to the same star—to the same vision and search for betterment.

Now Swift & Company is among the first of America's great industries to announce the construction of a Solexol plant to utilize the most

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Upon completion of their new Solexol plant at Hammond, Indiana, Swift will be able to produce — in greater volume and from a wide range of fats and oils — specialized, high-quality products for vitamins, textiles, rubber, leather, soap, cosmetics, linoleum, paint, printing ink, lubricants and other purposes.



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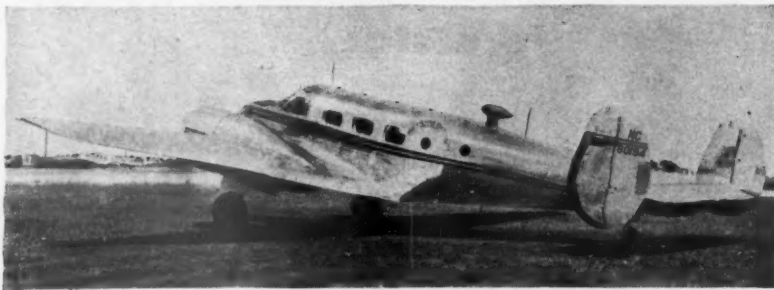
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The PHILADELPHIA EVENING BULLETIN installs IRVIN Chair Chutes



As an added measure of protection for company executives and other passengers, The Philadelphia Evening Bulletin has equipped its Beechcraft Transport with Irvin Custom-Built Chair Chutes. Thus the Evening Bulletin joins a growing list of companies and individuals who are equipping their planes with this new kind of air chute, just as all

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unions. Nor do labor observers in Detroit foresee any success for F.A.A. in a long-term drive against Ford. The disposition of most foremen to fall in line with the new Taft-Hartley law and to avoid any possibility of a new crackdown by Ford, will prove hard for any union to overcome.

● Reassurance—F.A.A. is seeking to assure members in other chapters that it still is a vigorous force for foremen despite recent reverses. "Active support" is being urged. The union pledges that "if it is finally determined by the courts that foremen are not covered by this new [Taft-Hartley] law, we are in a position to demand recognition of the employers without the aid of government agencies."

VICTORY—BUT NO TEST

A relatively minor congressional election in Maryland's Third District took the national spotlight briefly last week. Labor chose it to try out plans for full-fledged political action. More significantly, it used it to defy Taft-Hartley law restrictions on use of union-financed newspapers in political campaigning.

Solid labor backing—and victory—went to Edward A. Garmatz, Democrat. But returns were no surprise. Baltimore observers had picked the race that way even before it had attracted major union attention.

C.I.O.'s defiance of the new law curbs was carried in a C.I.O. New editorial indorsement of Garmatz by Philip Murray (picture). A.F.L. also deliberately broke the new law.

Both C.I.O. and A.F.L. invited court tests. But no one appeared to challenge the union activities. And Capitol Hill sponsors of the law denied that they intended to muzzle the labor press.

C.I.O.

NEWS

TEST OF POLITICAL FREEDOM

By PHILIP MURRAY

Freedom of political expression is a basic principle of our democracy. It is the right of every citizen to express his views on public affairs, and it is the duty of every government to protect this right. The new Taft-Hartley law, which restricts the use of union funds for political purposes, is a direct attack on this fundamental principle. It is a law that would silence the labor press and deprive the workers of their right to be heard on issues that affect their lives.

The C.I.O. has always been committed to the principle of political freedom. We have always fought for the right of every citizen to express his views on public affairs. We have always fought against any law that would restrict this right. The new Taft-Hartley law is a law that we cannot support. It is a law that we will fight to repeal.

I am proud to stand with you in your fight for political freedom. I am proud to stand with you in your fight against the new Taft-Hartley law. I am proud to stand with you in your fight for the right of every citizen to express his views on public affairs.

By EDWARD A. GARMATZ

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PHILIP MURRAY

C.I.O. DEFIANCE of Taft-Hartley political action curbs went unchallenged.



McGuffey's Reader—1947

For Management and Labor

IN THE PAST wherever this policy has been adhered to, that company has achieved a significant position. This creed might even be cited as one of the fundamental cornerstones of American business.

When this principle is ignored by labor or management, all of us are ultimately affected. Fewer and fewer people will or can buy your product.

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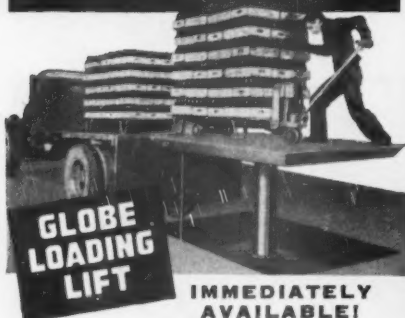
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New NLRB Team

Three appointments cause scarcely a ripple. Even general counsel, Robert N. Denham, is not too well-known in Washington.

Labor and management this week got the names of the men who will administer the new Taft-Hartley law. There were few immediate comments.

- **Robert N. Denham**, Missouri Republican, is the general counsel;
- **J. Copeland Gray**, Republican industrial relations official of Buffalo, N. Y.;
- **Ex-Senator Abe Murdock**, Utah Democrat, were named for new NLRB posts.
- **Chairman Paul M. Herzog**, **John M. Houston**, and **James J. Reynolds, Jr.**, are reappointed. All three are Democrats.

The three new appointments hit Washington with a dull thud. Names of Denham and Gray were not familiar to many; Capitol Hill comment was limited almost entirely to approval of Murdock by the Democrats.

- **General Counsel**—The new general counsel has been an NLRB trial examiner since 1938, and was chairman of the Federal Trial Examiners Conference at the time of his appointment. As a trial examiner, he conducted many of NLRB's policy-making hearings including the memorable Ford Dallas case but his name and reputation were better known in inner NLRB circles and in the board's regional offices than in Washington generally.

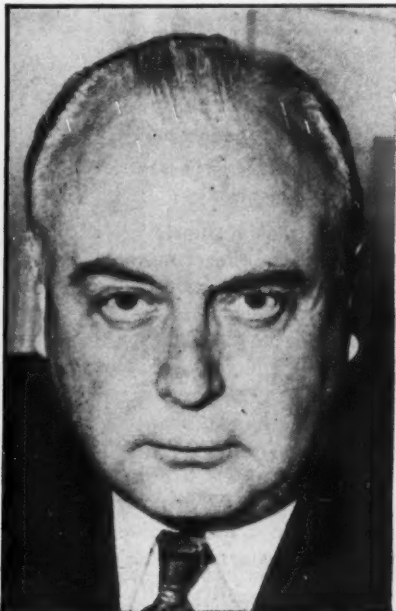
- **Gray**—Gray served for 18 years as labor expert for the Houdaille-Hershey Corp. Later, he was a private indus-



ROBERT N. DENHAM, President of the NLRB, man's choice for NLRB general counsel.

trial relations consultant in northern New York. During the war he was member of the New York Regional War Labor Board, and last November was named to the National Wage Stabilization Board for its last four months. That appointment came when industrial members resigned in a protest against the continuation of federal control. Gray and John L. Lovett of the Detroit regional staff refused to go along with the idea of decontrol; their stand landed them the NWSB jobs.

Washington was inclined to take



NLRB APPOINTEES: Ex-Senator Abe Murdock (left), Utah; J. Copeland Gray, Buffalo, N. Y.

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NAME

TITLE

CITY STATE

wait-and-see attitude on Gray. But from those who had worked with him there was quick praise: He is "honest, sincere, and willing to work" to make collective bargaining a success. He looks at the Taft-Hartley law as a guide rather than a driving force in industrial behavior.

It's generally felt that Gray will team with Reynolds as a conservative, minority team in NLRB. Chairman Harzog will then occupy the key spot as swing man in writing NLRB policies.

• **Murdock**—There is no doubt about Murdock's background and position. He was among the New Deal bloc in the Senate. Despite P.A.C. support, Murdock lost his 1946 bid for reelection. Since then he has been a candidate for some kind of federal appointment.

He practiced law in Utah before entering politics; served in the House of Representatives three sessions before being elected to the Senate.

Murdock's closest past association with NLRB was as a member of Re Howard W. Smith's committee which investigated NLRB in 1939-40.

TOO FEW FOR F.E.W.

Plans to merge two C.I.O. unions aborted this week. The unions: United Automobile, Aircraft & Agriculture Implement Workers and the left-leaning Farm Equipment Workers. With more than 60% of referendum votes in U.A.W.'s members were showing a 2-1 sentiment against absorbing F.E.W. on terms favored by the auto union left-wing.

The merger proposal was pressed by U.A.W.'s pro-Communist faction, as sure way to beat Walter Reuther in the auto workers' fall election. Plans called for creation of a U.A.W. farm implements division, with the F.E.W. as nucleus.

Absorption would have been on a basis designed to give F.E.W. local full voting rights at the next U.A.W. convention. With 43,000 members listed, that would mean 430 convention votes, most of them considered sure-fire left-wing caucus ballots. At the union's last presidential election Reuther—supported by the right-wing faction—won by only 124 votes. Thus the merger issue was an intensely bitter fight because union control was at stake.

The fact that Reuther was able to muster resounding popular support to defeat the leftists in the merger issue has added measurably to his stature. It in no way eased his problems of dealing on policy matters with a predominantly leftist executive board. Nor did it by any means assure him victory over the left's R. J. Thomas or U.A.W. secretary-treasurer George F. Addes in the fall race for the presidency.

INTERNATIONAL OUTLOOK

BUSINESS WEEK

JULY 26, 1947



The German problem threatens to bog down the Marshall plan (page 15).

Both London and Paris are holding out for objectives that don't jibe with Washington's aim to base Europe's recovery on Germany.

The London-Washington split is on Ruhr coal. The British are still plugging for nationalization of the mines.

Britain's Labor government is yielding to the U. S. on a five-year postponement so the Germans can make up their own minds on socialism. But Prime Minister Attlee and Foreign Secretary Bevin insist on stacking the cards. They want to choose their own German candidate for coal czar in the Ruhr during the next five years.

British management methods in the coal mines still block progress.

U. S. Gen. Clay's two-fisted policy has brought agreement on shifting supervisory control in the pits to Germans. But know-how and imagination are sadly lacking from the cumbersome British administration at the top. There can probably be no remedy until the U. S. takes over the driver's seat.

This the British will fight. They plan to keep top place in the zone they picked, even while putting the heat on the U. S. to do one of two things: (1) take on 75% or more of the occupation costs; or (2) let London pay its share in sterling.

Business Week's representatives in Germany report, however, that even with full U. S. authority there is no quick, easy, or cheap solution. Wornout mining equipment, lack of housing, and inadequate food account for more than half of the 50% drop below prewar in output of Ruhr coal.

The vicious circle in the Ruhr will be hard to break. Existing transport couldn't handle more coal if it were produced. And there will be no improvement in transport until there are more rails and rolling stock. But this requires more steel production—and that means more coal.

For France, any sizable boost in German steel raises a basic national decision—important enough to tip the scales against full French participation in the Marshall plan.

From Communists to Rightists, the French vehemently oppose revival of German industrial strength. The Communist press is currently flogging this horse for all it is worth.

The Ramadier government would hold German steel down to the Potsdam level—5½ million tons.

As an offset, Paris would build up French, Belgian, and Luxembourg steel output. Under such a program, French capacity would go up from its present 10-million-ton capacity to 15 million tons. Ruhr coke would then move up the Rhine to Lorraine. Before the war the formula was to ship Lorraine iron ore to the Ruhr.

The U. S. plan for over-all German output is well below the ultimate 80% of prewar that has been reported. It's probably closer to 60%. And the U. S. will keep its plan flexible. It will be geared for another attempt at some sort of agreement with Russia during the London conference of foreign ministers in November.

But if Moscow chooses to make the East-West gulf still wider, then

INTERNATIONAL OUTLOOK (Continued)

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Industries most likely to get help: automotive, electrical, metal, chemical, and shipbuilding.

The De Gasperi government is 100% behind the Marshall plan.

At Paris, Foreign Minister Sforza came up with some genuine proposals for an integrated Western Europe:

(1) Italy might drop iron and steel production, turn this over to France; as an offset, expand its light metalworking industries.

(2) Given enough cellulose, cotton, and coal, the Italian textile industry could supply Mediterranean and Middle Eastern markets at greatly reduced prices.

(3) Italy's hydroelectric power would be expanded, part of the output being exported to France.

(4) Fiat would stop production of luxury cars, switch entirely to trucks.

The U. S. remains a solid economic bulwark for Western Europe. American products are being shipped across the Atlantic in staggering volume.

If there is no slowdown, 1947 U. S. exports to the 16 Marshall plan nations will be:

Coal, \$195 million.

Foodstuffs, \$1.2 billion (wheat, \$255 million).

Textiles, \$622 million.

Machinery and vehicles, \$1.3 billion.

Open warfare between the Dutch and Indonesians is a hard blow to dollar-short and food-short Europe.

It will delay sale of rubber and quinine to the U. S. Supplies of both promised to be plentiful at an early date. The dollars earned would have helped Holland.

Sugar reserves ready for export from Indonesia are reported as 330,000 tons. Rice exports from Java to India had already begun. Sumatra has stocks of 100,000 tons of palm oil, badly needed now in Europe.

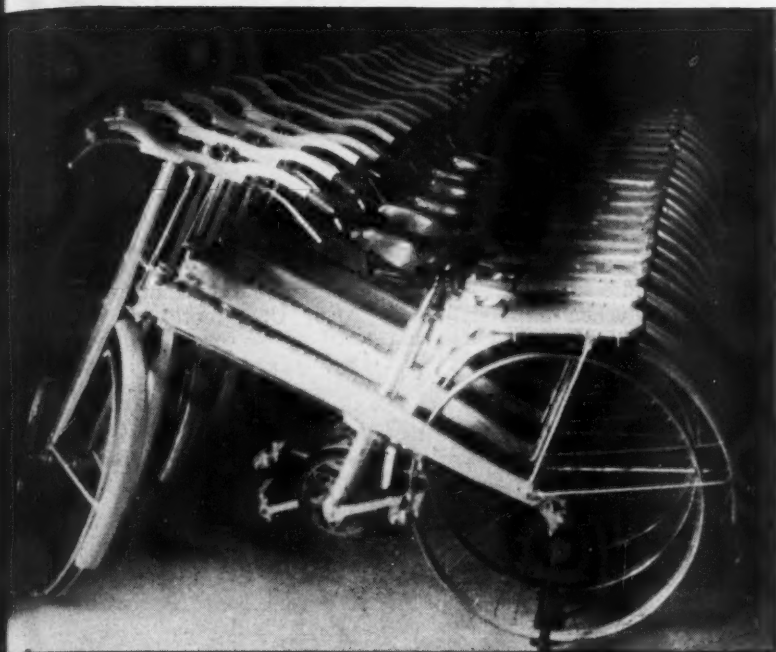
U. S. engineering firms can soon get ready to bid for reconstruction contracts in Greece.

Out of the \$400 million Congress voted last week for the Greek-Turkish aid program, the State Dept. is planning to spend \$48 million on physical reconstruction in Greece. On present reckoning the total will be divided:

Railway construction, \$13.5 million; highway work, \$10.3 million; port facilities, \$9.6 million; mines and industries, \$5 million; irrigation, \$3.6-million; telecommunications, \$2 million; housing, \$2 million; Corinth Canal repairs, \$2 million.

Engineer-manager contracts (awarded after negotiation) will be used in providing the needed U. S. know-how (page 94).

BUSINESS ABROAD



ALUMINUM BICYCLES: Light items add substance to Nippon's export hopes.

Problem: Build Japan's Exports

First effort to revive prostrate foreign trade will start Aug. 15 when foreign businessmen will arrive to buy. But Japan still has little to sell. U. S. help needed to boost imports first.

TOKYO—So far the allied occupation authorities have barely managed to get a foothold on the problem of Japan's prostrate foreign trade.

First real effort to boost tiny Japanese exports will start Aug. 15. Then the Supreme Commander for the Allied Powers (SCAP) will allow foreign businessmen into Japan for 21-day business markets (box). World quota will be 100 trade representatives; the U. S. quota about 100 (BW—Jul. 5 '47, p. 85).

Faltering Start—Chances are, however, that the export drive will only get off a faltering, snail-pace start. Reason: Japan has pitifully little to sell.

Before it can squeeze out more than a trickle of exports, Japan's entire industrial machine must be loaded and primed for imports. All its important exports—except silk—require large amounts of imported materials.

SCAP estimates that Japan could export \$350 million worth of goods in the next 12 months if—and it's a big if—exports were adequate. With luck, exports may touch half that figure.

Main Export—Textiles will form the bulk (more than 80%) of this volume.

The rest will consist of small amounts of handicrafts and light manufactures now being produced (picture).

Since the war's end Japanese exports have totaled only about \$175 million. (That's after writing off some \$34 million lost when the silk market recently collapsed.) Aside from cotton textiles and strategic war stocks (mostly metals), Japanese exports have consisted mainly of such items as bamboo rakes, camphor, chinaware, raw silk, lily bulbs, sperm head oil, green tea, furs, toys, and notions.

SCAP hopes to use the income from these exports to buy raw materials. Properly used, this could go toward building up an annual foreign exchange profit of 20% to 30%. Japan would thus eventually become self-supporting. Exports would pay for next year's raw materials and the food imports (3 million tons) required for a minimum standard of living.

• **Major Drawback**—But SCAP's current plans have one major drawback: For the next 10 years, the U. S. would have to subsidize completely Japan's imports of food, fertilizers, and medicine. Other-

How to Buy From Japan

At the very best, doing business with Japan will not be a simple matter. But for those interested in buying Japanese goods, Business Week's Tokyo representative sends along these instructions:

- From the nearest branch of the Dept. of Commerce's Office of International Trade (OIT), get a list of products "likely" to be available. Some of the products already listed: ceramics and chinaware, glassware, fish and fish products, bicycles, notions and novelties, paper and paper products, pearls, furs, silk fabrics.

- If any of the items on the list interest you, apply to OIT for permission to go to Japan. Final approval is up to the Inter-Allied Trade Board, Far Eastern Commission.

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- You will have complete freedom in contacting Japanese businessmen. To expedite this, the Japanese government's board of trade (Boeki Cho) is working up exhibits and lists of manufacturers and exporters.

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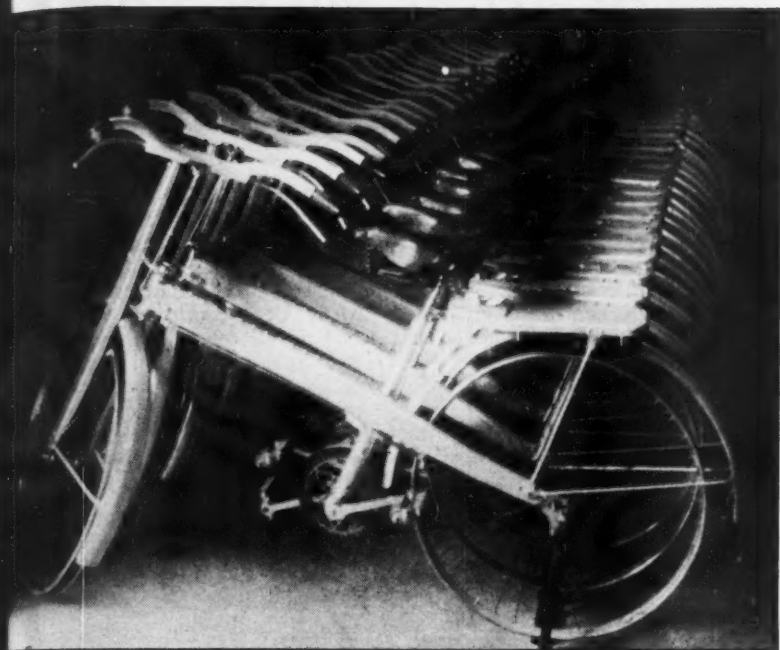
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year. As yet they have made no effort to work out an industry-by-industry import-export program.

• **Successful Example**—But ESS would not have to look far for a successful example of what planned import-export can do for Japan. By a three-way credit arrangement (War Dept., U. S. Commercial Co., Commodity Credit Corp.) Japan has imported 900,000 bales of raw cotton. Cost: \$170 million.

Taking out 20% for domestic industrial use, the country will produce some \$265 million worth of cotton cloth and yarn for export. Foreign exchange profit to Japan will run 56%.

• **Japan's Proposals**—Japanese industrialists, on the other hand, have worked out their own economic proposals. They want the U.S. to grant a ten-year, \$1-billion credit, to give the Japanese economy the infusion it needs and replace SCAP's day-to-day, stop-gap methods. (This loan would include the \$320 million already granted by congressional appropriation.)

They plan to use the entire credit, if granted, within three years' time in order to stock up the needed raw materials. By then, they predict, Japan would have a favorable trade balance. Repayment of the loan (plus 3% interest) would be made over the following 10 years.

Major criticism of the proposal is its emphasis on dollar credits. There is considerable question whether Japan can hope to accumulate sufficient surplus dollars over the decade to service the debt.

• **Trade Possibilities**—Some hope lies in the possibility of building up multilateral trade agreements in the Far East, and thereby reducing the need for dollars. One example: India would like to send raw cotton to Japan, get cloth from the latter and rice from Siam. But Siam's current rice production is way under par because its farmers have no incentive to produce due to a lack of goods. Japanese textile mills could break the Siamese bottleneck, make all three countries happy.

But little can be achieved along these lines until the Japanese finally run their own show. The first step in this direction will come in August; final step will be the peace treaty, which will cast the rules under which Japan can participate in foreign trade.

• **The Big Job**—But the peace treaty will not be a cure-all. It will merely set the stage for the biggest job in making a permanently peaceful Japan—economic rehabilitation.

With help, Japan can achieve that in five years. Without help, it might make it by 1975. Meanwhile, mass starvation would lead to a resurgence of dictatorial and political control by one group or another, most likely the old regime or the Communists.

IV. FOR EXPORT: U. S. KNOW-HOW

Service Across the Board

On contract-fee basis, U. S. machinery makers will size up natural resources, build plants, train native personnel, supervise production for customers overseas.

The export of American know-how embraces nearly every branch of industry and technical service—from engineering and construction to precision instruments and plastics.

U. S. construction firms are called upon for all kinds of buildings and installations. They work closely with American engineers and plant-designers in the export field.

• **Building**—The J. A. Jones Construction Co., Charlotte, N. C., is now bringing home its technical staff following completion of a 100-mi. highway in Ecuador. Winston Bros. Co., Minneapolis, is building airports and highways in Colombia. D. J. Porter & Co., consulting engineers of Sacramento, is supplying technical assistance for airport construction in Britain, France, Sweden, South Africa, and Latin America.

New York's George F. Driscoll Co. is supervising the construction of an apartment building, a hotel, and an office building in Caracas, Venezuela. Most of the finished materials used in construction were shipped from the U. S. And the contract provides a fee for technical services.

S. J. Groves & Sons, Minneapolis, with Johnson, Drake & Piper, Inc., is

engaged on the \$14-million, three-year irrigation project at Reynosa, Mexico. The company also is supplying engineering aid for the \$20-million waterwork dam and aqueduct system for Caracas. Many U. S. contractors are currently tied up on construction jobs at U. S. Pacific bases. Among their jobs are building docks, airports, roads, and other facilities on Guam, Okinawa, and less well-known islands.

• **Machinery-Makers' Share**—Heavy-machinery builders supply their share of know-how export.

American Rolling Mill Co., Middletown, Ohio, has drawn plans for the proposed Argentine steel industry. It has long been rumored that Armco would get the nod to build. But the contract could still go to one or several other U. S. firms with the technical ability to do the job.

Mesta Machines Co., Pittsburgh, supplied rolling mills for Brazil's National Steel Co. (BW—Jun. 28 '47, p. 89). Before the war, Mesta and Pittsburgh's United Engineering & Foundry Co. each built one of Britain's two existing hot-strip mills. Both firms have been consulted on the new strip mills planned in South Wales. Mesta seems the more likely to accept the proposition.

Koppers Co., Inc., Pittsburgh, built the coke ovens at Volta Redonda—designed, supervised construction, and trained operators. Its licensees in England and France build Koppers-Bethlehem coking ovens and train foreign personnel. American Zinc & Lead Co., St. Louis, is currently training Mexican and Chinese technicians in its plant.

• **Buses for Mexico**—Reynolds Metal Co., Richmond, is training personnel in the U. S. to staff its new Mexican plant (which uses U. S. raw metal). A group of Mexican industrialists asked Trumpis-Collar & Assoc., Los Angeles, to design an aluminum-body bus for Mexico City, arrange to have components made in the U. S. for assembly in Mexico. Finding Reynolds there, Trumpis-Collar recommended local manufacture, designed an operation which would first turn out 500 buses at 10 a month. Then it would switch to making sewing machines, household appliances, farm and office equipment, and other needed consumer goods.

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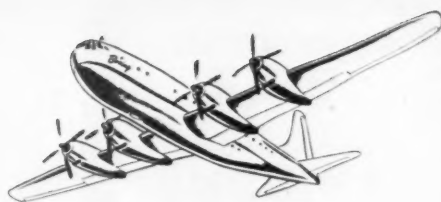
American experts are at work all around the globe. They are keeping open the export channels for new American machines and processes. They are building plants that will help undeveloped nations to earn their way into the market for American products.

The story of what is happening and who is making it happen can't be found in the trade statistics or the official records. To get it for management men, Business Week correspondents in the U. S. and 12 foreign capitals have had to talk to hundreds of businessmen.

This is the fourth and last report setting forth what they have found.

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AIR travel on the new Boeing Strato-cruisers has a double meaning. The cabins of these 81 passenger planes are pressurized and the air is conditioned for the travelers' comfort. Air filters are an essential part of this conditioning system to remove dust, lint and a high percentage of tobacco smoke from the recirculated air.

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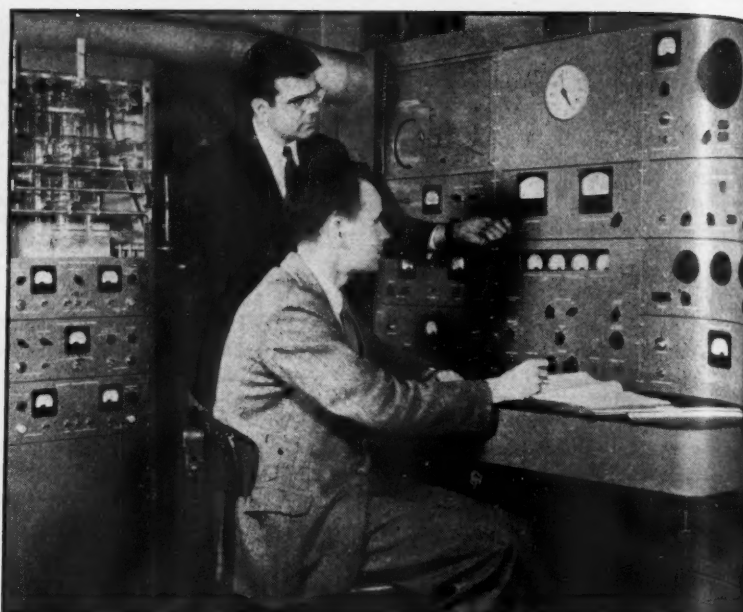
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INSTRUCTION is a vital factor in the know-how pattern. Example: At Consolidated Engineering Corp., Pasadena, an Australian learns about a spectrometer.

Co., Chicago; Philco Corp., Philadelphia; and Caterpillar Tractor Co., Peoria, are examples. Another group (including the Nash Division of Nash-Kelvinator Corp., Detroit; Bostitch, Inc., E. Greenwich, R. I.; Electric Storage Battery Co., Philadelphia; and Warner & Swasey Co., Cleveland) sends technicians to instruct buyers or distributors.

• **Teaching Them How**—Federal Products Corp., Providence, has two Chinese learning to operate its precision instruments. Gisholt Machine Co., Madison, has a European engineering staff, but sends installation engineers abroad when necessary. Weatherford (Tex.) Spring Co. sent men abroad with \$1-million worth of goods sold to South American customers. Foreigners visit and study at the St. Louis Car Co. plant.

Consolidated Engineering Corp., Pasadena, maker of mass spectrometers, trains foreign operators in the U.S. (picture). Units have been sold to Australia, France, Holland, and Canada. Bucyrus-Erie Co., Milwaukee, sets up equipment abroad and trains personnel there. Hathaway Instrument Co., Denver, has a training program in the U.S. to pass on its technical knowledge to foreign electronic engineers.

• **Students From All Over**—Cincinnati Milling Machine Co., machine-tool builder, provides an 18-month to two-year training course for foreign technicians. Students from eight countries are now in training.

Allis-Chalmers Mfg. Co., Milwaukee, has \$10 million in private contracts abroad—in China, Finland, South and Central America, the Philippines, South

Africa, Norway, and New Zealand. • **Supervising Installation**—Clearing Machine Corp., Chicago, supervises for installations and trains personnel abroad. Sales to England, France, Sweden involve no engineering aid; the company has insisted upon technical aid with contracts in Brazil, Argentina.

Turner Mfg. Co., Statesville, N.C., maker of hay-balers, two-wheel combine threshers, and sawmills, is exporting complete sawmills to practically a tree-growing country in the West. Grinnell Co., Providence, manufacturer of automatic sprinklers, sends engineers abroad on a fee basis to install equipment.

• **Plans Pending**—Johns-Manville Co., New York, has pending projects in many parts of the world. The company plans abroad call for working with private capital, supplying construction design and experts on a management fee basis.

Industrial Production International Ltd., New York (a subsidiary of Production Specialties, Inc.), represents some 40 firms in the plastics, metal and woodworking field. This firm plans to license manufacture of U.S. products abroad, build plants, train personnel, supervise production.

Polaroid Corp., Cambridge, has announced an extensive export plan for all its products. It will collaborate with foreign capital to set up plants in London, Toronto, Southern Rhodesia, South Africa, and later in Australia, Holland, and Brazil.

• **Wholly Owned Branches**—Akron Rubber companies are also supplying technical advice and assistance in

parts of the world to branch plants and affiliated foreign companies. Goodyear Tire & Rubber Co. and Firestone Tire & Rubber Co. operate almost entirely through wholly owned branches. General Tire & Rubber Co. and B. F. Goodrich Co. work through arrangements with affiliated firms. Goodrich has recently helped install a new tire factory in the Netherlands. General is currently supplying the technical knowledge for a South African tire and rubber plant; it may soon have a new affiliate in the Argentine. In addition to technical skill, the Akron firms supply specifications, make available patents and research developments. The Votator Division of Girdler Corp., Louisville, maker of lard, margarine, and shortening machines, builds plants overseas equipped with "Votator" machines.

Continental Can Co., New York, has associated companies in 12 countries. The most important is the Metal Box Co. Ltd. in Britain. Continental licenses its associates to use certain machinery and assists them on specific technical problems.

Food Processing Assistance—Food Machinery Corp., San Jose, Calif., sends experts abroad to install licensed equipment.

Venezuela will get food-making help from Nelson A. Rockefeller's Venezuela Basic Economy Corp. A fisheries company, a milk reconstituting plant, and a food warehousing unit are being set up as subsidiaries of VBEC. Control of these will pass to private Venezuelan investors within ten years.

Tackling a Survey—A New York engineering firm, Burns & Roe, Inc., is cooperating with the Rockefeller group in developing Venezuela. The Caracas government has asked Burns & Roe to make a survey of the country's natural resources and power potential.

The firm already has one power plant under way in Venezuela. It is working on several power stations for Turkey and blueprinting others for India.

Newcomers—International Industrial Research Institute, Inc., New York's newcomer to the field, will soon be offering the same across-the-board services as one of the leading U. S. engineering firms. Only there's a difference: I.I.R.I. is setting up branch institutes abroad—Argentina, Mexico, Colombia, India, and South Africa. The plan is to use branch groups, staffed by local businessmen and industrial engineers to insure continuous service.

Exporters of U. S. know-how are thus accepting on a vast scale an almost limitless challenge and opportunity. That fact is of great importance to the rest of the world. For only America has the facilities, the knowledge, and the strength to get production going in every corner of the globe.

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B. E. HUTCHINSON
Chairman, Finance Committee

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THE MARKETS

(FINANCE SECTION—PAGE 4)

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial	155.2	155.8	146.0	167.3
Railroad	45.3	45.3	40.7	59.5
Utility	76.0	76.8	73.8	87.0
Bonds				
Industrial	122.9	122.9	122.3	122.9
Railroad	110.8	110.7	107.3	118.4
Utility	113.9	114.5	113.4	115.1

Data: Standard & Poor's Corp.

The Bulls Are Happy

Many a Wall Street bull had confidently expected great things immediately from the recent decisive breakthrough of the Dow-Jones industrial stock price average to a new 1947 peak. But they were doomed to disappointment—at first. That event didn't inspire any new waves of buying enthusiasm. Neither did it touch off any panicky rush to cover current extensive short positions.

• **Reverse Action**—Instead, the breakthrough worked in reverse. Cautious investors and traders recalled that prices had been advancing for eight straight weeks. Thus they figured that it might be smart to reappraise the over-all market picture before acting.

But what has happened since hasn't disappointed the Street's growing bullish element too much. In fact, it has probably further strengthened many beliefs that the price rally is merely the opening phase of a brand-new bull market.

True, the pressure of recent profit-taking operations has forced prices downward. And by the middle of the week there were not many industrial issues that weren't selling at least slightly under their highs registered in the May-July rally.

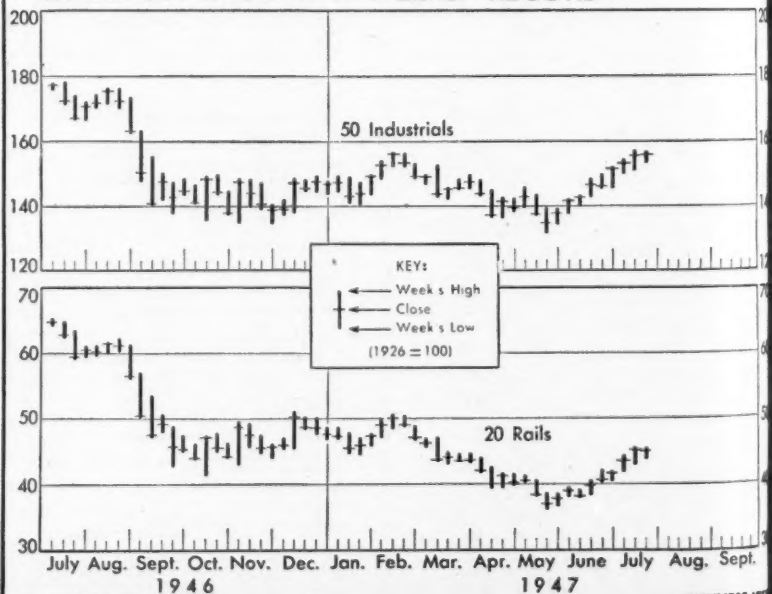
• **Solid Basis**—Nevertheless, the market has given ground only grudgingly. There have been no alarming waves of selling. And daily trading volumes at the New York Stock Exchange have exhibited a tendency to drop off sharply whenever the industrials have shown any weakness.

Even more encouraging to the bulls has been the new activity of the hitherto laggard rails. While industrial stocks have drifted lower, rails have closed definite strength. Especially strong have been such blue chip common stocks as Union Pacific, Norfolk Western, and Atchison. Some Street quarters claim that much smart money has lately found its way into the better grade rails.

At midweek, there were signs aplenty that penetration of new 1947 highs by the rails may not be so far off as the bulls had feared. And if the general market is to rally much further according to chartists, such a rise would be a necessary sequel to the recent industrial peak.

• **Public Interest**—So far, the May-July rally has aroused slight interest in the general public. But during July there have been signs that more and more outsiders are getting interested. The

COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

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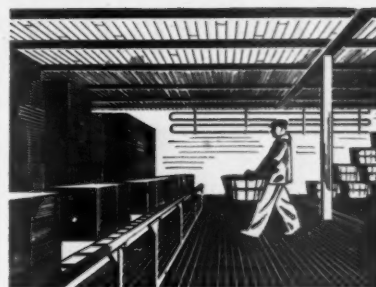
main reason is the change in sentiment concerning the current outlook for business.

Last May's recession talk, for example, is almost completely absent from brokerage boardrooms now. Strong factors in this change have been (1) the continued high levels of corporate dividends (box, below); and (2) the excellence of most of the first-half earnings reports now flooding in.

Most first-half reports are living up fully to earlier expectations. National Cash Register, for example, could boast

of earnings of \$3.08 a share, compared with only 16¢ in January-June, 1946; United Fruit \$3.03 vs. \$1.90; Worthington Pump \$9.28 vs. a 22¢ deficit; Libby-Owens \$2.51 vs. 32¢; and General Electric \$1.32 vs. a loss of 20¢ last year.

• **Cheerful Outlook**—What earnings will do from now on is another matter. But the bulls are even confident about that, too. They are sure that no serious recession lies ahead. And recently they converted more and more of the public to their point of view.



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Dividend Tally for First Half of 1947

Common stock dividends are breaking almost as many records as corporate profits (BW—May 3'47, p15).

As shown in a New York Stock Exchange compilation (below), some 82% of all Big Board common stocks could boast of 1947 first-half dividend payments; in 1946 only 50% could make the claim. That wasn't all. Almost 47% of all the issues paid out more cash to shareholders than in the first six months of 1946. Another 30% held their 1946 dividend rates. And only 6% had to reduce, defer, or eliminate dividend payments.

Among the groups whose dividends made the best first-half showing were amusement, building, leather and shoe, paper and publishing, department store, rubber, ship operating, and textile issues. Their payments ranged from 42.4% to as much as 102.5% above January-June, 1946. But many of these very stock groups turned in a below-average record marketwise (BW—Jul. 19'47, p103).

The worst dividend performers were aviation, financial, rail, and shipbuilding groups. Their payments dropped 2.2% to 52.4% below comparable 1946 levels.

Industry	Number of Issues	Dividend Payers		First Half, 1947 Dividend Results			Approx. Amount of Dividends (000 omitted)		% Change vs. 1946
		1947	1946	Higher	Same	Reduced	1947	1946	
Amusement.....	20	17	17	12	5	0	\$29,477	\$20,700	+42.4%
Automotive.....	65	49	46	24	22	7	106,953	86,726	+23.3
Aviation.....	24	6	12	0	4	8	5,306	11,153	-52.4
Building.....	25	21	20	15	6	0	13,240	9,278	+42.7
Office equipment...	10	9	10	7	2	1	11,459	9,581	+19.6
Chemical.....	74	71	70	46	17	9	167,582	127,142	+31.8
Electrical equipment.	18	17	16	9	8	0	36,629	35,206	+4.0
Farm machinery...	6	4	3	2	1	1	12,224	9,491	+28.8
Financial.....	28	23	22	9	12	2	33,373	34,138	-2.2
Food.....	64	59	55	32	25	2	88,063	68,852	+27.9
Garment makers...	6	5	5	4	1	1	1,693	1,357	+24.8
Land, realty, etc...	6	4	0	0	0	0	1,880	.....	.....
Leather, shoe mfrs...	11	9	7	9	0	0	8,262	5,683	+45.4
Mach'y, metal prod.	92	78	78	37	37	7	47,267	37,645	+25.6
Mining.....	35	25	25	19	5	3	44,690	37,928	+17.8
Paper, publishing...	31	26	25	23	3	0	22,655	11,585	+95.6
Petroleum.....	40	35	33	23	10	3	181,249	133,660	+35.6
Railroad.....	78	48	47	6	39	6	93,763	106,353	-11.8
Retail merchandise...	70	65	63	50	12	3	108,692	74,912	+45.1
Rubber.....	10	10	10	7	2	1	18,404	10,373	+77.4
Shipbuilding.....	5	5	5	0	3	2	2,131	2,750	-22.5
Ship operating.....	6	5	5	3	2	0	4,514	2,727	+65.5
Steel, iron, coke...	39	31	25	21	10	0	57,439	46,251	+24.2
Textile.....	33	31	28	23	8	0	28,780	14,210	+102.5
Tobacco.....	18	17	16	5	11	1	28,231	25,912	+8.9
Transportation serv-									
ices.....	4	3	2	2	1	0	839	256	+227.7
Utilities.....	67	54	50	26	25	4	191,543	174,911	+9.5
U. S. companies									
operating abroad...	24	13	11	5	5	3	24,222	17,450	+38.8
Foreign companies...	16	14	12	8	5	1	37,411	33,382	+12.1
Other companies...	20	19	19	10	8	1	11,622	8,317	+39.7
Grand Totals...	945	773	737	441	289	*66	\$1,419,593	\$1,157,929	+22.6%

* Payments were reduced on 43 issues and eliminated or deferred on 23 issues.

THE TREND

WHAT A TWO-WORLD FOOD PROBLEM MEANS

The tragic political process that is rapidly developing two postwar worlds instead of one will inevitably have vast repercussions in American industry (page 15).

Among its most important effects are those that touch the American farmer, and rebound against food prices, wage demands, and related issues. This fact is being driven home right now by the revelation that we are in for continued world food shortages and face darkened prospects for U. S. feed crops (both of which have already affected U. S. farm prices).

• **Reactions to the Marshall plan conferences** now clearly show that the Old World is split right down the middle. Eastern European suppliers of prewar agricultural surpluses are virtually cut off from economic intercourse with their industrial markets and suppliers on the western flank of the continent. Russia may swap some grain for British machines; but, after the Soviet walkout on the recent International Cereals Conference, we must assume such deals will be few and far between. There seems to be relatively little chance for some time to come that such prewar food exporters as the Poles, Hungarians, Romanians, Bulgarians, and East Prussians will be sending their grains, tobacco, meat products, or other farm commodities into Austria, the Ruhr, Britain, Switzerland, or other western deficit areas in any major quantities.

The implication, of course, is that Western Europe must continue to rely on the New World for much of its food. This is a matter that concerns Latin America, Canada—and Oceania—as well as the United States. But first and foremost it means that export demands on American farm production will remain large for a longer time to come than anybody was formerly willing to contemplate.

Already we are learning that the coming third winter since the end of the war will find the needy nations as hungry as ever before—if not hungrier. The secretary of the International Emergency Food Council, D. A. Fitzgerald, has told us this month that world grain exports required for 1947-48 will total 50 million tons—against the 38 million tons wanted in the food year just completed, and the 28 million tons actually shipped (half from the U. S.).

• **One reason for this desperate situation** is the bad weather that struck Europe and other areas last winter and spring; another is the slow recovery of European agriculture. But obviously a basic explanation of such a surprising deficit lies in the failure of Eastern Europe to return to its prewar status of breadbasket for its western neighbors.

Just how heavily the Kremlin is relying on the food

card in its current diplomatic game with the United States is one of the many international unknowns. For one thing, no one can say at this moment how much surplus food Eastern Europe is capable of producing and dangling before the eyes of its hungry neighbors. But it is clear that the governments of the western world cannot permit Eastern Europe's food to become a trump card. Hence the need to continue American food exports.

At the same time, it doesn't take a great deal of food exporting to make the difference between high and moderate food prices at home. Our 1946-1947 exports of 7% or 8% of our food output are keeping over-all farm prices 10% to 15% above what they otherwise would be. And food is 40% of the cost of living.

• **Moreover, such exports** have an even sharper effect when important sectors of American agriculture are assailed by bad weather as now seems to be the case. It is true that our wheat harvest, the most important for foreign feeding, runs over a quarter billion more bushels than last year. But reports indicate that we may have almost a billion bushels less of corn, oats, and similar feed grains. And supplies and prices of wheat and corn interact on one another and on the livestock products dependent on corn which take up the bulk of U. S. food spending. So the drain of food exports cannot be passed off as a minor matter, just because of a bumper wheat crop. This will remain true even if the yields of 1947 feed grains improve with better weather in coming months.

The likely result of all this is that food prices will come down very little the rest of this year, as the Bureau of Agricultural Economics now forecasts. They may even go up, as some farm economists claim. In either case, the prospect sharply belies the predictions made last spring that farm and food prices would fall off at least 20% by the year-end.

• **In this setting, the inflationary possibilities** of John Lewis' coal pact, with its 45¢ hourly wage boost, take on greater significance. Chances for avoiding an early third round of wage troubles rested in part on hopes for declining food prices. Those hopes for lower prices now appear forlorn.

Not so long ago, the U. S. was counting on world food needs to diminish rapidly with a return to prewar world trade patterns. Thus we must recognize the developments abroad, particularly in the case of food, are effecting a fairly basic change in the outlook for domestic business. Along with other new hazards, we shall have to learn to live with a two-world food problem.

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